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ABSTRACT

Following a brief preface, chapter 1 of this study discusses the federal government's expanding role over the last half century, including changing federal and state responsibilities in education. While chapter 2 describes the study's conceptual framework, its methodology, the criteria used for selecting eight states for analysis, and the major characteristics of each of the state's educational policies, chapter 3 analyzes the mix and design of federal educational policies and programs that have evolved to influence state and local actions. Findings show that while each of the six federal service programs studied possessed a unique strategy, several federal programs issued inconsistent and ambiguous development and implementation signals. Chapters 4 and 5 describe the political environments in the case states, including the impact of these contextual factors on program administration. Findings indicate a r[illegible] and diverse federal/state governance system devoid of sig[illegible]cant general intergovernmental conflict between the states and the federal government. Chapter 6 assesses the balance of federal-state educational governance in 1981-82, summarizes the study's major conclusions, and notes their implications for altering current federal education programs. The study concludes with an appendix offering a categorization scheme for textual legal analysis. (JBM)

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THE INTERACTION OF FEDERAL AND RELATED STATE EDUCATION PROGRAMS

Volume I

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THE INTERACTION OF FEDERAL AND RELATED STATE EDUCATION PROGRAMS

Volume I

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DEDICATION

This study is dedicated to the memory of Joel S. Berke. Joel, who originally directed and guided the design of this study, died on December 8, 1981. His death came too soon in all respects. With regard to this endeavor, we had just begun the study. Joel played a role far beyond that of project director and developer, however. He brought wit, collegiality, political acumen and the wisdom of experience to the tasks he undertook. We spoke only slightly in jest when we called him the "big picture" person.

For Joel Berke this study represented far more than another research project. He believed deeply in using the tools of social science to serve the needs of national, state, and local policymakers. Whether the issue was a more equitable school finance formula or improving the administration of federal education programs, Joel wanted to bring his skills to bear. We followed this philosophy in completing this study. We trust the product meets his expectations.

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We are grateful to many people and organizations who cooperated and assisted in this study. Foremost is the School Finance Project of the U.S. Department of Education, whose support made this study possible. We especially appreciated the cooperation and assistance of Mark Kutner, our project officer, and Joel Sherman, Associate Director of the School Finance Project. Both worked diligently with us in sharpening the research questions and in ensuring the policy relevance of the study. We also are grateful to Elizabeth VanderPutten, our project officer for the first six months of the study, for her helpful assistance.

We received excellent cooperation and assistance from the numerous individuals we interviewed in the eight states. Every state education agency warmly received us, an outcome we attribute to the help provided by our state liaisons within each SEA: Alex Law and Sara Peterson in California, Robert Aertker in Louisiana, Alan Doyle in Massachusetts, John Alberty in Missouri, Henry Gonzales in New Mexico, Elwin McNamara in New York, Grant Tubbs in Virginia, and Mel Gillispie in Wyoming. Eight in-state observers also helped our case study teams stay abreast of state developments across an eight-month period when we were not on site: Dale Shimasaki in California, William Ebarb in Louisiana, Susan Cooper in Massachusetts, Susan Uchitelle in Missouri, Richard King in New Mexico, Eugene Samter in New York, Robert Schultze in Virginia, and Alan Stauffer in Wyoming.

We were privileged to work with an excellent Advisory Board during the course of the study. Their suggestions aided us greatly in developing the research design, interpreting the case studies, and considering their policy implications. Members of the Advisory Board included Gregory Anrig, Ellen Hoffman, Arthur Jefferson, Jerome Murphy, Richard Nathan, William Pierce, Mimi Stearns, Michael Usdan, and Cynthia Ward.

We also appreciate the assistance given by our consultants Richard Elmore, Anne Hastings, David Kirp, Michael Timpane and Mark Yudof. Their thoughtful comments were particularly useful in focusing the research and analyzing the data. Richard Elmore's, David Kirp's, and Mark Yudof's careful reviews of the draft report improved the final product considerably. While we are indebted to these consultants for their assistance, they in no way bear responsibility for the results.

Finally, we want to pay special tribute to the unstinting work of our project secretaries, Rowena Gear and Gloria Graham. Without their skill and patience, this study would not have been possible. We also are indebted to Irma Kienitz, who assisted in typing portions of the final report in Princeton and Tom Ciano, who painstakingly arranged our travel logistics and provided research assistance.

MTM

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PREFACE

The proper organization of responsibility among federal, state and local governments is a central issue in policy debates in the 1980s. While the issue is timeless, the content of the debate changes coincidentally with differences in societal needs and perceptions about the competence and propriety of various governments to meet those needs.

The current debate in regard to education takes place on two related yet distinct levels. The first level questions federal intervention in education altogether. One faction posits education is the proper domain of state and local authorities; therefore, federal involvement should be as minimal as possible -- or put differently, the familiar "marble cake" of American federalism should return to a layer cake.[1] Opposing viewpoints hold that federal involvement and shared functions are critical to the pursuit of national, as distinct from more parochial state, purposes.

At a second level, the question focuses on the proper assignment of functions within various educational policy areas. Here, federal involvement is assumed, but debate surrounds the issue of the appropriate balance between federal objectives and needs for accountability, on the one hand, and recipients' need for flexibility and discretion, on the other. Critics of the current federal role maintain that the scales have tipped too far in the direction of the federal government, charging that federal requirements are administratively burdensome, uncoordinated and inflexible; supporters argue that careful controls are necessary to ensure that state and local governments faithfully pursue federal goals and objectives.

This study was conceived in the summer of 1981 against the backdrop of this two-tiered debate. Its intent was to examine how federal education programs affected the states' administration of federal and related state education programs: the federal/state intergovernmental system in operation. The study was not an attempt to define what the federal role should look like, but rather an effort to describe and analyze how the states responded to, and were affected by, the combination of federal education programs in operation in 1981-82. By pursuing this course, the study sought to inform

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[1] In 1960 Morton Grodzins wrote his now-famous critique in which he argued that American federalism no longer resembled a "three-layer cake" where functions were neatly divided into federal, state, and local activities. Rather, federalism was more like the "rainbow or marble cake" in which the activities were inextricably mixed. Grodzins, Morton, "The Federal System." Goals for Americans: Programs for Action in the Sixties, (Report of the President's Commission on National Goals and Chapters Submitted for the Consideration of the Commission), New York: Prentice-Hall for the American Assembly, 1960.

policymakers' knowledge and understanding of how federal programs under their current configuration influenced the states.[1]

To the extent that federalism issues in education are ever resolved, they are dealt with along side of, and in conjunction with, a myriad of other public policy concerns. Accordingly, the education federalism debate of the 1980s is wrapped up in, and shaped by, questions of national budget deficits and economic stagnation. In addition to these concerns are public attitudes that betray a yearning for simplicity and a reversal of government activism. The federalism debate in education cannot be totally isolated from these larger events or from the course of federalism in general. Nevertheless, acknowledging the presence of these larger events and breaking down the debate into discrete, analyzable questions can assist policymakers to make informed judgments that are less subject to the pressures of the times.

Overview of the Study

This study focuses on two major dimensions of the intergovernmental system: state administration of a select set of major federal education programs; and federal and state interactions surrounding special pupil programs. The federal programs and civil rights provisions examined include: Titles I, IV, V and VII of the Elementary and Secondary Education Act (ESEA); the Education for All Handicapped Children Act (P.L. 94-142); the Vocational Education Act; Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; and Section 504 of the Rehabilitation Act of 1973. The state programs we studied include those that are analogous in purpose to these federal programs.

The federal programs studied predate the revisions made by the 1981 Education Consolidation and Improvement Act (ECIA). That legislation had just been enacted when we began the study making it impossible for us to assess its impact in the field. The following brief profiles describe the federal programs constituting the focus of our inquiry.

- o Title I of the Elementary and Secondary Education Act, the largest federal elementary and secondary education program, provides funds to local school districts to meet the needs of educationally disadvantaged children residing in high-poverty areas. Title I also contains set-aside amounts for institutionalized handicapped children, children who are neglected or delinquent, and children of migratory workers. Funds are allocated to local school

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[1]This study was part of a larger research program mandated by P.L. 95-851 (Section 1203), the Education Amendments of 1978, to examine how public and private elementary and secondary education is financed, and what role the federal government should play in the process. The School Finance Project (SFP), established to implement this mandate, commissioned three field-based studies: this study; a study of the cumulative effects of federal and state programs on school districts and schools conducted by SRI International; and a study analyzing alternative state programs for special pupil populations undertaken by Decision Resources.

districts (and schools within districts) based on low-income criteria. Once funds reach the school level, students are selected for participation in the program by educational achievement criteria. ECIA revisions changed the name of this program to Chapter 1 and reduced the administrative requirements on states and local school districts.

- o Title IV of the Elementary and Secondary Education Act includes Part B (grants for instructional materials) and Part C (grants to improve the quality of educational practices through locally initated projects and activities). Federal grant allocations, based on each state's share of the national student population, are made to each state that has filed an approved plan with the Department of Education. Under Part B (instructional materials), SEAs allocate funds to LEAs on the basis of public and private school enrollment, with adjustments to reflect local tax effort, expenditure levels and percentages of high-cost children. SEAs distribute Part C funds for innovative or exemplary programs to LEAs on a competitive grant basis; 15% of a state's allocation is earmarked for projects for handicapped children. ECIA has consolidated this program into the Chapter 2 education block grant.

- o Title V of the Elementary and Secondary Education Act was designed to help SEAs develop the capacity to undertake the administrative responsibilities imposed by the various federal education programs. Funds are intended to strengthen the educational leadership in the SEA and to assist it in identifying and meeting critical educational needs. Approvable activities include designing more equitable school finance programs, assessing educational progress, teacher assistance, dissemination, training, and curriculum development. Title V is now part of the ECIA Chapter 2 block grant.

- o Title VII of the Elementary and Secondary Education Act, the Bilingual Education Act, provides grants on a competitive basis directly to local districts. SEAs are eligible to receive five percent of the Title VII district grants in the state for coordination of state technical assistance activities. Title VII legislation is very specific about the definition of bilingual programs eligible to receive federal support. The statute defines a bilingual program as including "instruction given in, and study of, English and, to the extent necessary to allow a child to achieve competence in the English language, the native language of the child." (20 USC 3223 (a) (4)).

- o P.L. 94-142, the Education for All Handicapped Children Act, has three goals: 1) ensuring that all handicapped children have available to them a free appropriate public education (FAPE); 2) ensuring that the rights of handicapped children and their parents are protected; and 3) assisting states and localities in providing for the education of the handicapped. P.L. 94-142 provides pupil-based formula grants to SEAs that submit acceptable state plans to Washington. While 25% of this federal aid may be used for SEA administration and for services provided directly by the SEA, the remainder is allocated by federal formula to LEAs that submit acceptable applications to the SEA.

- The Vocational Education Act of 1963, as amended, is the oldest federal education program. Its purpose is to help states build vocational programs and improve planning for vocational education and manpower training. To accomplish its goal, the legislation includes extensive state-level planning requirements, funding for special needs groups, and matching requirements to ensure appropriate levels of state financial participation. In allocating funds to local school districts, states must give priority to economically depressed areas and areas with high unemployment levels, and recognize district financial ability and low-income concentrations. While VEA aid is fairly unrestricted in its use, the law contains set-asides for the handicapped, disadvantaged, limited English-speaking students, and for postsecondary and adult programs.

- Civil Rights Laws that pertain most directly to educational discrimination are Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973. These laws forbid discrimination by recipients of federal aid on the basis of race, color, or national origin; sex; and handicapping condition, respectively. These laws provide no federal funds; rather, recipients who receive federal financial assistance must abide by these requirements as a condition of receiving that assistance. Federal aid recipients must file an assurance of compliance with these laws or be implementing a plan to achieve compliance.

After completing a thorough analysis of the requirements contained in these federal laws, in the spring of 1982 we visited eight states -- California, Louisiana, Massachusetts, Missouri, New Mexico, New York, Virginia and Wyoming -- to ascertain the administrative effects and program interactions associated with these programs. Those states were selected to represent a wide spectrum of political, economic, and institutional environments relevant to the administration of education policy. For each state we prepared a case study focused on a range of similar issues. A companion volume to this report contains these eight individual case studies.

The study's findings rely on an examination of federal program requirements, documentary material from each state, and personal interviews with over 300 individuals at the state and local levels. Within the states, we spoke with SEA officials and staff, legislators and their staff, interest group representatives, local school administrators, teachers and journalists who covered education. The wide spectrum of states and range of persons, coupled with the scope and intensity of our interviews, give us confidence that the findings of the study are generalizable to the 50 states.

Presentation of Study Findings

This report describes the results of our efforts to examine federal program requirements and their subsequent translation and influence at the state level. The first two chapters of the report provide relevant background information to the study's findings. Chapter I sets the context for the issues involved in this study by tracing the evolution of

American federalism, with special emphasis on education. Chapter II provides the conceptual framework and describes the research design used to investigate the states' administration of federal programs. Chapter III presents our analysis concerning the mix and design of the federal education policies studied. Chapters IV and V focus on the state-level influences and interactions that characterized the administration of federal and related state programs. More specifically, Chapter IV assesses the state political and institutional context surrounding federal special pupil programs, and Chapter V reports our findings about how federal programs are administered and interact with state programs and policies. Chapter VI summarizes the major conclusions of the study and notes implications that these conclusions have for proposals to alter the current design of federal education programs.

Summary of Major Findings

This study reveals the system of federal-state governance of education to be robust and diverse. Both the federal government and the states appear strong actors in determining the direction of education policy. State political traditions and climate, and SEA priorities actively influence the administration of federal education programs. At the same time federal actions often legitimize state endeavors in particular policy areas. Once the federal government acts, different federal strategies shape the conduct of state officials and yield consistently different responses across the states.

Relative to 15 years ago when the Elementary and Secondary Education Act was first enacted, we found an improved state capacity to administer education programs -- whether federal or state. This improved capacity, however, remains dependent on federal funds for the immediate future. With the possible exception of special education and the basic grants of the vocational education program, state adoption of federal goals and objectives for special pupil populations has not emerged concomitantly with this increased capacity and sophistication. All states were willing to accommodate federal programs, but state fiscal and political climates allowed only a few states to undertake these programs in any significant way on their own.

The study indicates no significant general intergovernmental conflict between the states and the federal government. Rather, conflicts are program specific and channeled into the continuous bargaining and negotiation process that characterizes federal-state relations. Two programs accounted for the preponderance of conflicts reported by state officials: P.L. 94-142 and the Vocational Education Amendments of 1976. Both these programs represent relatively recent federal interventions in areas where the states previously had established their own policies and procedures. In contrast, ESEA Title I, once controversial, has benefitted from the settling-out process allowed by time, and emerged among the least conflict-ridden programs in the states. ESEA Titles IV and V also exhibited little conflict.

The strategies that define federal education programs demonstrate distinctly different outcomes across the states. Programs providing considerable administrative discretion to state officials result in greater variation in program activities across the states. More prescriptive federal programs result in greater uniformity in the core design of programs. Strategies asserting new requirements in areas where states previously had established programs and procedures engender conflict between state and federal authorities. Federal strategies that by and large bypassed states do not stimulate analogous state actions in these areas. The outcomes associated with different program strategies constitute a range of trade-offs federal policymakers face as they reflect on the existing mix and design of federal programs.

Trade-offs also emerge around proposals to change the configuration of federal programs. This study suggests that block grant proposals are likely to increase program variations across the states, an outcome which might be undesirable in areas where uniform service standards are a national objective. Proposals to streamline current federal education programs and to reformulate the mix of incentives fall within the traditional accommodation and adjustment process necessary to federal-state interactions. This study indicates, however, that in terms of streamlining, parsimony often conflicts with clarity. Relatedly, reformulated strategies that shift federal signals require time and bureaucratic reinforcement to demonstrate their full impact. This study further suggests that proposals calling for differential treatment of states will be difficult to implement because of the complexity involved in assessing and defining minimal levels of state performance.

CHAPTER I: THE CHANGING STRUCTURE OF AMERICAN FEDERALISM

Introduction

During the last half century the American federal system changed dramatically. Through a wide range of enactments, Congress established the national interest in areas traditionally the province of state and local governments. These areas include education, manpower training, law enforcement, economic development, and mass transportation.

This chapter discusses the expansion of the federal government's role in American society and the controversy surrounding this growth. Since part of this debate concerns a reordering of federal-state responsibilities, we also describe recent changes in the capacities and capabilities of state government. The first section looks at broad developments in the changing federal system; the second section focuses on changing federal and state responsibilities in education.

The Changing Federal System

The Expansion of the Federal Government

The expansion of the federal government's role in American society began in the 1930s in response to the Great Depression. In the 1940s and 1950s, federal growth continued through enactments such as the Servicemen's Readjustment Act of 1944 (the G.I. Bill), the Employment Act of 1946, the Federal Highway Act of 1956, and the National Defense Education Act of 1958. These and other measures either expanded traditional federal responsibilities (the G.I. Bill), launched new ones (the Employment Act), or established a federal role in areas where the states had previously been the dominant actors (education, and highways).

It was in the 1960s and 1970s, however, that the activities of the federal government expanded sharply.[1] Some of the new federal responsibilities were the culmination of efforts to establish a greater national role in fields such as education and health. Other activities focused around the civil rights movement and the desire to improve the standing of minority and disadvantaged groups. The federal government also responded to new public concerns such as job training, environmental protection, community development, and public safety that seemed to require a national response. Regardless of their origin, however, these new responsibilities fundamentally altered American federalism. According to one recent analysis:

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[1] Advisory Commission on Intergovernmental Relations. The Federal Role in the Federal System: The Dynamics of Growth -- A Crisis of Confidence and Competence, Washington, DC: Advisory Commission on Intergovernmental Relations, 1980, p. 4.

> Over the past 20 years the federal role has become bigger, broader and deeper - bigger within the federal system, both in the size of its intergovernmental outlays and in the number of grant programs, broader in its program and policy concerns, and the wide range of subnational governments interacting directly with Washington; and deeper in its regulatory thrusts and preemption proclivities.[1]

Not surprisingly, the new responsibilities increased the number of federal programs available to state and local governments. According to the Advisory Commission on Intergovernmental Relations (ACIR), the number of grant-in-aid programs increased from 51 in 1964 to 498 in 1978, and federal outlays for state and local governments rose from seven billion dollars in 1960 to $85 billion in 1978.[2]

The programmatic direction of federal aid also changed to reflect new priorities. Between 1963 and 1968, federal support of commerce and transportation programs declined in importance, while the resources devoted to health and human resource programs increased sharply.[3]

The 1970s witnessed a growth in federal regulation as well as new areas of federal law. The increased regulatory activity took two different forms: regulations prepared by government agencies to implement new programs and a more general set of regulations -- sometimes referred to as "the new social regulation."[4] Rather than being tied to specific programs, these later regulations established conditions to be followed by all grant recipients and affected such diverse areas as employment discrimination, occupational safety and environmental protection. The effects of the expanded regulatory activities on the intergovernmental system have raised concern about: administrative failures, red tape, and tension between the levels of government; poor performance and inadequate results; excessive cost and waste; and lack of adequate control and responsiveness through the political process.[5] This changed

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[1] Advisory Commission on Intergovernmental Relations. The Federal Role in the Federal System: The Dynamics of Growth -- An Agenda for American Federalism: Restoring Confidence and Competence, Washington, DC: Advisory Commission on Intergovernmental Relations, 1981, p. 1.

[2] Ibid., p. 4.

[3] Barfield, Claude. Rethinking Federalism: Block Grants and Federal, State, and Local Responsibilities, Washington, DC: American Enterprise Institute, 1981, p. 15.

[4] Weidenbaum, Murray L. Business, Government, and the Public, Englewood Cliffs, NJ: Prentice-Hall, 1977.

[5] Advisory Commission on Intergovernmental Relations. Restoring Confidence and Competence, Op. cit., p. 5.

federal role has also generated a growing controversy over the proper division of responsibility among federal, state and local governments. As we enter the 1980s, this debate shows no signs of abating.

The Federal Government and the States: Striking the Proper Balance

The concern that the historic balance between federal, state, and local governments has been damaged by an expanded federal role led to a variety of efforts to alter federal social programs. These include attempts to consolidate programs, reduce funding, and eliminate programs altogether. A brief review of these proposals illustrates both the nature of the controversy and the philosophical arguments underlying these efforts.

The current interest in defining the federal role more precisely dates from 1949 when the Commission on the Organization of the Executive Branch -- the first Hoover Commission -- issued its report on governmental organization. In its brief analysis of federal-state relations, the Commission criticized the "duplication," "overlap" and "fragmentation" that stemmed from uncoordinated federal grants to state government. The Commission concluded by recommending the creation of "a system of grants based upon broad categories -- such as highways, education, public assistance and public health." They called this device "block grants."[1]

While the Commission's proposals had little immediate impact, its work did influence the Eisenhower Administration. President Eisenhower entered office determined to reverse what he saw as the growing reach of the federal government.[2] He established the Commission on Intergovernmental Relations, chaired by Meyer Kestenbaum, and instructed it "to find a logical division between the proper functions and responsibilities of the state and federal government."[3] Later, Eisenhower established the Joint Federal-State Action Committee in an effort to identify federal functions that could be assumed by the states.[4]

Yet even in the Eisenhower Administration, the interactions between the federal and state governments became increasingly complex. The Federal-State Action Committee was unable to identify many federal

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[1]Advisory Commission on Intergovernmental Relations. Improving Federal Grants Management, Washington, DC: Advisory Commission on Intergovernmental Relations, 1977, p. 4. For the complete report of the Hoover Commission, see The Commission on the Organization of the Executive Branch of the Government. Federal-State Relations, A Report to the Congress, Washington, DC: Government Printing Office, 1949.

[2]See, for example, Duram, James C. A Moderate Among Extremists: Dwight D. Eisenhower and the School Desegregation Crisis, Chicago: Nelson-Hall, 1981.

[3]Sundquist, James L., & Davis, David W. Making Federalism Work, Washington, DC: Brookings Institution, 1969, p. 8.

[4]Ibid., p. 9.

activities that could be returned to the states.[1] Moreover, under Eisnehower's leadership the Congress enacted two major programs -- the Federal Highway Act and the National Defense Education Act -- that expanded the reach of the federal government.

Under the aegis of President Johnson's Great Society, the federal government assumed the major responsibility for assuring legal equality and equal opportunity for all citizens. In the process, the number of federal grant-in-aid programs grew explosively. Not surprisingly, this rapid growth of federal programs strained the capacities of state and local governments. In 1967, Vice President Hubert Humphrey noted, "This rapid increase in grant programs has created new stresses and produced new suspicions in federalism's already overburdened administrative network."[2] Senator Edmund Muskie called the administrative difficulties spawned by these programs a "management muddle."[3]

The Nixon Administration was philosophically opposed to many pieces of the Great Society, and entered office determined to return decision-making powers to state and local governments. According to Claude Barfield, their arguments were based on several assumptions about the nature of the federal system. They believed:

> The federal government had taken on too many responsibilities and was incapable of solving the nation's domestic problems. The time had come to sort out the appropriate roles and responsibilities of each level of government. The system of categorical grants was duplicative, wasteful, and plagued with too many federal strings. And state and local elected officials were best capable of defining their own needs and priorities.[4]

To address these problems, the Nixon Administration proposed general revenue-sharing to provide broad-based fiscal support for state and local governments, and six special revenue-sharing grants to allow state and local officials flexibility in administering programs in education, law enforcement, manpower training, rural community development, urban community development and transportation. Although the Congress greeted these proposals skeptically, it did enact two block grant proposals: the Comprehensive Employment and Training Act (1973) and the Housing and Community Development Act (1974).[5] During the Ford Administration, Congress continued to ignore executive branch proposals for block grants in education, health, child nutrition and social services.[6]

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[1] Sundquist James L., & Davis, David W. Making Federalism Work. Washington, DC: Brookings Institution, 1969, p.8.

[2] Leach, Richard H. American Federalism, New York: Norton and Company, 1970, p. 168.

[3] Ibid., p. 169.

[4] Barfield, Claude. Op. cit., pp. 16-17.

[5] Barfield, Claude. Op. cit., pp. 16-17.

[6] Ibid.

Under the Carter Administration, the Congress did not enact major social reforms, nor did it directly address the complexities of the intergovernmental system. It did, however, continue to expand the number and range of categorical grant programs and regulatory activities. A 1979 study, for example, estimated that the federal government imposed 1,259 mandates on state and local governments, 223 of which were direct orders and the rest (1036) conditions of aid for specific programs.[1]

In the 1980 election campaign, Ronald Reagan promised to seek a return of program authority and responsibility to state and local governments. Upon taking office, he moved quickly to turn this promise into reality. In April 1981, the Reagan Administration proposed to consolidate all or part of 83 categorical programs into six block grants, totaling about $11 billion, a reduction of about 25% in funding from the preconsolidation level. The Administration's proposals gave state governments considerable discretion and flexibility. The proposed consolidations contained few provisions for matching funds, planning, earmarking of particular categories, or maintenance of effort for particular programs or activities. States were given complete freedom to allocate resources within the prescribed program areas.[2]

Congress enacted a series of block grants that made substantial changes in both the form and substance of the Administration proposals. When the smoke cleared after the budget reconciliation process, Congress had consolidated 57 programs into nine block grants. These grants were for social services, low-income energy aid, community services, alcohol, drug abuse and mental health, preventive health services, maternal and child health, community development, education, and primary care.[3] In addition to increasing the number of block grants, Congress removed from the block grant proposal a number of major categorical programs, placed limits on state discretionary action, and increased the reporting and accountability requirements on states.[4]

In early 1982, the Reagan Administration again suggested a major reordering of the federal government's domestic activities. Under this complex proposal, the federal government would assume full responsibility for the medicaid program and the states would take over all costs of food stamps, aid to families with dependent children (AFDC), and some 60 smaller categorical programs. A federal trust fund, stocked with federal excise and oil windfall profits taxes, was to help states meet their new

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[1]Advisory Commission on Intergovernmental Relations. A Crisis of Confidence and Competence, Op. cit., p. 46; Lovell, Catherine H. et al. Federal and State Mandating to Local Government: An Exploration of Impacts and Issues, Riverside, California: University of California, 1979, p. 57.

[2]For a description of the Reagan proposals see Barfield, Claude. Op. cit., pp. 35-46. See also Sugarman, Jule. (ed.). A Citizen's Guide to Changes in Human Services Programs, Washington, DC: The Institute for Educational Leadership, 1981.

[3]Stanfield, Rochelle L. "Picking Up Block Grants - Where There's a Will, There's Not Always a Way." National Journal, Vol. 15, April 10, 1982, pp. 616-620.

[4]Barfield, Claude. Op. cit., pp. 31-34.

obligations until 1991. The Administration was unable to work out the details of this plan with state and local officials, and the 97th Congress adjourned without taking any action.[1]

While it is impossible to determine if the Reagan Administration's most recent proposals will lead to a reordering or clarification of federal-state responsibilities, it is uncontestable that intergovernmental relations have become increasingly numerous and complex over the last two decades. Obviously, the expansion of the federal government's role in domestic policy has helped to reshape the intergovernmental system. Another important factor, however, is the improved capacity and capability of state governments. The social issues of the 1960s frequently required the federal government to play a leadership role because states were unable, or unwilling, to do so. By 1980, this was no longer true for many states.

The Growing Capabilities of State Government

For many years, state governments were regarded as the weak links in American federalism. In 1933, Luther Gulick wrote, "The American state is finished. I do not predict that the states will go, but affirm that they have gone."[2] In 1965, Roscoe Martin called the states "reluctant partners" in social reform. He wrote:

> That [the states] have been less than sensationally successful in coping with the problems of modern society would, perhaps be generally conceded....If a federal system, and specially the American system, is to function properly all members of the partnership must be strong and vigorous. It is a central conviction of this study...that the states have not been able or willing to assume their share of federal responsibilities, particularly during the last three decades, and that the national government has been compelled to develop active relations with local governments in order to make the American system operationally effective.[3]

The scholars were not alone in criticizing the states. Former North Carolina Governor Terry Sanford began his book Storm Over the States with the admission:

> The states are indecisive.
> The states are antiquated.
> The states are timid and ineffective.
> The states are not willing to face their problems.
> The states are not responsive.
> The states are not interested in cities.

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[1]Stanfield, Rochelle L. "A Neatly Wrapped Package with Explosives Inside." National Journal, Vol. 15, February 27, 1982, pp. 356-362.

[2]Gulick, Luther. "Reorganization of the States." Civil Engineering, August 1933, pp. 420-421.

[3]Martin, Roscoe. The Cities and the Federal System, New York: Altherton Press, 1975, pp. 45-47.

These half dozen charges are true about all of the states some of the time and some of the states all of the time.[1]

State governments have changed. Legislatures, governors' offices, and executive branch agencies are quite different places than they were 20 years ago. Where many states previously could be characterized as uninterested and unwilling, most states recently have adopted reforms that have increased their capacity to govern. Reapportionment of state legislatures, constitutional modernization and administrative reform have all combined to alter substantially the face of state governments.

Perhaps the most important changes occurred in state legislatures. Following the Supreme Court's one man-one vote decisions, state legislatures were reapportioned to make them more representative. These changes increased the representation of cities and suburban areas and produced a different type of legislator. According to one recent analysis, "state legislators now are thought to be more intelligent, assertive, independent, diverse in background, and critical of government policy."[2]

In addition to becoming more representative, state legislatures have also improved their lawmaking capacities. Most legislatures meet annually.[3] Salaries have been raised and professional staff assistance increased. In California, for example, the number of legislative staff grew from 50 in 1950 to more than 700 in 1974,[4] and similar growth can be seen in other states. Finally, some states revised the legislative process and reorganized their committee structures.[5]

The power of state governors also changed. Gubernatorial powers expanded significantly. According to one recent study, the executive budget, planning and management tools and an enlargement of the veto power have combined to strengthen the position and power of most governors.[6] Moreover, governors' offices are generally bigger and better staffed than previously. Like their legislative counterparts, the personal characteristics of governors have also changed: the new governors are younger, better educated and more heterogeneous than ever before.[7]

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[1] Sanford, Terry. Storm Over the States, New York: McGraw Hill, 1967, p. 1.

[2] Murphy, Jerome T. "The Paradox of State Government Reform." Public Interest, No. 64, Summer 1981, p. 126.

[3] Barfield, Claude. Op. cit., p. 49.

[4] Murphy, Jerome T. Op. cit., p. 127; see also Rosenthal, Alan. "Beyond Legislative Reform: An Agenda for the 80s." State Legislatures, July/August 1982, pp. 17-21.

[5] Barfield, Claude. Op. cit., p. 50.

[6] Sabato, Larry. Goodbye to Good-Time Charlie, Lexington, MA: Lexington Books, 1978, pp. 63-89.

[7] Ibid., pp. 56-57.

Changes in state administrative agencies show parallel developments. States made enormous strides in modernizing administrative procedures and improving internal management. The increased activity in state governments helped state agencies attract better trained and more diverse staff. State agencies are now likely to employ specialists in such areas as planning, finance, research, and evaluation.[1]

Finally, states' revenue systems are more broad-based and efficient than previously. By 1979, most states had enacted personal and corporate income taxes and sales taxes: 37 states use some combination of these revenue sources, compared to 19 in 1960. Some states have instituted their own version of revenue-sharing with local governments.[2]

This evidence, while impressive, does not mean that state capitols have become paradise. The states always varied in their political and administrative capabilities, and they still do. One recent analysis of state governments noted that state governments are often "plagued by fragmentation, disarray, confusion, and lack of leadership."[3] The General Accounting Office has frequently criticized states for ineffective and inefficient administration of federal grant programs.[4] Moreover, the nationwide recession has had a devastating impact on the finances of many state governments, leading to criticism that the revenue base of the states may not be sufficient to enable them to carry out their responsibilities.[5]

What these developments do illustrate, however, is how much the states' governments have changed in the last two decades. Even though some problems remain, the states today are more effective and decisive elements in the federal system. One of the most significant areas where federal and state responsibilities changed is elementary and secondary education. The next section of this chapter briefly illustrates how education policy has evolved over the last 20 years in both Washington, D.C. and in state capitols.

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[1] Murphy, Jerome T. Op. cit., p. 127.

[2] Barfield, Claude. Op. cit., p. 50.

[3] Murphy, Jerome T. Op. cit., p. 125.

[4] See, for example, U.S General Accounting Office. Fundamental Changes are Needed in Federal Assistance to State and Local Governments, Washington, DC: G.A.O., 1975; see also U.S. General Accounting Office. The Federal Government Should But Doesn't Know the Cost of Administering Its Assistance Programs, Washington, DC: G.A.O., 1978.

[5] See, for example, Shulins, Nancy. "The States' Search for Fiscal Light in Gloom of Recession." Washington Post, July 13, 1982; Schellhardt, Timothy D. "Revenues of 41 States to Fall $7.9 Billion Below Earlier Projections, Poll Indicates." Wall Street Journal, January 7, 1983; Pear, Robert. "States Report Recession is Squeezing Budgets." New York Times, January 9, 1983.

Education in an Intergovernmental System

Education has historically been a state and local responsibility. The U.S. Constitution does not mention education, and this is usually interpreted as a signal that the Founding Fathers believed states and localities would have primary responsibility for education. Nonetheless, the presence of the federal government has had a major impact on the nation's schools. As one scholar noted, "Education is a local responsibility, a state function, and a national concern."[1]

The Expanding Federal Role in Education

Establishing a Federal Role. The federal government's interest in education was initially expressed through land grants to states and territories for educational purposes. During the nineteenth century, this trend continued through enactments such as the Morrill Acts, which provided for the establishment of land grant colleges in each of the states.

The land grant colleges were intended to emphasize another source of federal interest -- instruction in industrial and agricultural education. This goal was also a central feature of the Smith-Hughes Act of 1917, which provided funds to train, and pay the salaries of, teachers in agriculture, trades, home economics, and industrial subjects. Importantly, the Smith-Hughes Act was the first federal program of categorical grants-in-aid to state governments -- a strategy that became increasingly popular in succeeding years. Federal interest in vocational education would be renewed and expanded throughout the twentieth century through laws such as the George-Reed Act (1929), the George-Barden Act (1946), the George-Barden Act (1956), and the Vocational Education Act (1963).[2]

World War II also boosted federal education support. The Lanham Act of 1941 authorized money for the construction, maintenance, and operation of schools in communities confronted with an increased school-aged population resulting from defense mobilization. In 1950, this measure was expanded with the enactment of P.L. 81-815 for school construction and P.L. 81-874 for operating expenses of school districts "impacted" by federal activity.[3] These programs proved highly popular with state and local educators and the Congress because they imposed no federal controls, were easy and inexpensive to administer, and were widely distributed.[4]

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[1]Tiedt, Sidney W. The Role of the Federal Government in Education, New York: Oxford University Press, 1966, p. 15.

[2]For a description of the early federal role in education see Tiedt. Ibid.; see also Advisory Commission on Intergovernmental Relations. The Federal Role in the Federal System: The Dynamics of Growth -- Intergovernmentalizing the Classroom: Federal Involvement in Elementary and Secondary Education, Washington, DC: Advisory Commission on Intergovernmental Relations, 1981.

[3]Thomas, Norman C. Education in National Politics, New York: David McKay Company, 1975, p. 22. See also Tiedt. Op. cit., p. 23.

[4]Thomas. Op. cit., p. 23.

In the 1950s, Congress enacted the National Defense Education Act (NDEA) in response to the Russian launching of Sputnik 1 -- an event that raised major questions about the quality of American education. NDEA provided for student loans, guidance counseling, grants for audio-visual equipment and for technical assistance in an effort to increase the quality and quantity of scientists, engineers and foreign language specialists.[1] According to Bailey and Mosher, NDEA was "an important harbinger of the kinds of federal support for American education that blossomed in the mid 1960s."[2] They wrote:

> It was categorical aid; it affected both secondary and higher education; it was substantial in the volume of funding; some of its titles included religious affiliated institutions among NDEA beneficiaries; and it proclaimed that education was a matter of national concern.[3]

Despite its importance, NDEA was not the broad-based general aid for elementary and secondary education that many educators had sought. Throughout the 1950s, general aid bills were regularly introduced in Congress, but none were enacted. The Eisenhower Administration was decidedly unsympathetic to such measures, and conflicts over the church-state issue and the desegregation amendments proposed by Representative Adam Clayton Powell further limited the possibilities for passage.[4]

With the election of President Kennedy, the prospects for general federal aid to education seemed brighter. President Kennedy supported federal aid, and Representative Powell agreed to help defuse the desegregation controversy. Despite these developments, general aid to education was not forthcoming. The divisive issue proved to be assistance to parochial schools: public school officials were unwilling to accept a law that contained such a provision, and private school representatives insisted on it as the price for their support.[5]

In 1963, the Congress adopted a measure greatly expanding the federal role in vocational education, the Vocational Education Act of 1963. This landmark law greatly increased federal support for vocational education, including support of residential vocational schools, vocational work-study programs, research, training and demonstration projects. Perhaps more importantly, this measure helped solidify the federal government's role in support of state and local education activities in which there was a national interest.[6]

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[1]Thomas. Op. cit., pp. 23-25; for a more extensive discussion of NDEA see Sundquist, James L. Politics and Policy: The Eisenhower, Kennedy and Johnson Years, Washington, DC: The Brookings Institution, 1968, pp. 173-180.

[2]Bailey, Stephen K., & Mosher, Edith K. ESEA: The Office of Education Administers A Law, Syracuse, NY: Syracuse University Press, 1968, p. 19.

[3]Ibid., p. 20.

[4]See Duram. Op. cit., and Sundquist. Politics and Policy, Op. cit., pp. 155-180, for a discussion of these years.

[5]Thomas. Op. cit., pp. 25-26.

[6]Kliever, Douglas. Vocational Education Act of 1963, Washington, DC: American Vocational Association, 1965.

At the outset of the 88th Congress, President Johnson launched the "war against poverty." The most important weapon in this war was the Economic Opportunity Act of 1964 which created new programs in education, health, welfare, manpower training and urban development. Passage of the Civil Rights Act of 1964 also helped set the stage for an expanded federal role in education. Title VI of this law prohibited racial discrimination in federally funded programs and thus removed the desegregation issue that had plagued earlier federal education legislation.[1]

The importance of the measures became apparent in 1965 when President Johnson proposed a major education initiative for educationally deprived children. The centerpiece of this bill was Title I, which authorized a three-year program of grants to local education agencies for the education of disadvantaged children. Johnson's proposal received swift consideration on Capitol Hill. Congress approved the Elementary and Secondary Education Act (ESEA),[2] with few modifications, less than 90 days after it was introduced.

ESEA is a milestone in federal aid to education. In addition to being a "remarkable legislative achievement," this law refocused discussions about federal aid to education. No longer was the question whether there should be a federal presence. Instead, the debate shifted to the purpose of the federal role, its size, and its relationship to the activities of state and local education agencies.[3]

Federal Aid from 1965 to 1976: Continued Expansion. In the years following passage of ESEA, the federal government's role in education continued to grow. Between 1965 and 1976 the number of federal education programs mushroomed, and the amount of federal appropriations devoted to elementary and secondary education increased dramatically. Kaestle and Smith note the effect of the expanded federal activity:

> The Elementary and Secondary Education Act of 1965 contained only five titles and about a dozen program authorities: revisions in 1968 added new titles and programs, including the Bilingual Education Act. The Education for All Handicapped Children Act was passed in 1975, and embellishments to ESEA in 1974 and 1978 eventually enlarged its scope to thirteen titles and over 100 programs. As programs proliferated, so did the bureaucracy, regulations, and interest groups. Each funded program had a director, a staff, and its own procedures.[4]

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[1] Thomas. Op. cit., pp. 27-28.

[2] The best summaries of the enactment of ESEA are Bailey & Mosher. Op. cit.; Sundquist, Politics and Policy, Op. cit., pp. 205-220; and Advisory Commission on Intergovernmental Relations. Intergovernmentalizing the Classroom, Op. cit., pp. 31-36.

[3] In Sundquist's words "The question would be, henceforth, not whether the national government should give aid, but how much it should give, for what purposes -- and with how much federal control." Politics and Policy, Op. cit., p. 216.

[4] Kaestle, Carl F., & Smith, Marshall S. "The Federal Role in Elementary and Secondary Education, 1940-1980." Harvard Education Review, Volume 52, Number 4, November 1982, p. 404.

In addition to its rapid growth, the objectives of federal aid shifted. As noted earlier, federal aid initially was designed to encourage the establishment of schools and to foster instruction in certain subjects such as vocational education. In the late 1950s, aid to education became a vehicle to help ensure an adequate supply of trained manpower for national defense.

By the 1960s, the federal involvement in education was focused on increasing equality of educational opportunity. Implicit in the design of federal education programs was the belief that education could break the cycle of poverty for groups who had been bypassed by American progress and prosperity. Federal intervention appeared necessary for three reasons: the American public education system either did not care, or did not know how, to teach low-income children; an infusion of research and innovation could upgrade the quality of elementary and secondary education; and the federal government had a commitment to protect and advance civil rights.[1]

Indeed, the years following the passage of ESEA were marked by a proliferation of efforts designed to improve and extend services to other target groups or "disadvantaged" students. In 1967, for example, Congress extended the Elementary and Seconday Education Act. These revisions expanded federal support for handicapped children and established a program for bilingual education. In 1968, Congress reauthorized the Vocational Education Act. The revisions to this law mandated that funds be spent on certain categories of disadvantaged students, provided money for the development of curricular programs, mandated state planning activities, and required the creation of national and state advisory panels.[2]

During the Nixon Administration, federal education activities did not expand as rapidly. There were opportunities for a substantial broadening of the federal role -- such as the drive for general aid to education, equalization of educational opportunity, and metropolitan desegregation -- but they were not taken. Nonetheless, the incremental changes in federal support were significant. First, appropriations for all education programs increased steadily. Some programs -- such as bilingual education -- showed especially rapid growth. Second, the Emergency School Aid Act (ESAA) established an important federal role in facilitating school desegregation. Third, creation of the National Institute of Education (NIE) identified educational research as an important role for the federal government. Fourth, a number of programs were enacted to provide categorical support for the development of new curricula in schools -- programs such as Environmental Education, Consumer Education,

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[1] Berke, Joel S., & Moore, Mary T. The Evolution of Educational Federalism: Recent Developments, Future Alternatives, (Paper prepared for Third Annual Conference of the American Association for Public Policy Analysis and Management), Washington, DC: Educational Testing Service, Education Policy Research Institute, October 1981, pp. 3-4.

[2] Thomas. Op. cit., pp. 74-100.

Career Education, and Ethnic Heritage Education. Finally, the passage of measures such as Title IX of the Education Amendments of 1972 (which sought to eliminate sex discrimination in education) and Section 504 of the Rehabilitation Act of 1973 (which prohibited discrimination against the handicapped) greatly increased the scope of the federal government's regulatory activities in education.[1]

The growth in federal aid to education continued in the Ford presidency. President Ford's first major legislative act was to sign the 1974 Amendments to the Elementary and Secondary Education Act. These amendments extended Title I of ESEA and tightened the program's administrative requirements. The revisions also consolidated a number of small categorical programs into Title IV of ESEA. In 1975, President Ford reluctantly signed the Education for All Handicapped Children Act (P.L. 94-142), which expanded the educational rights and opportunities for handicapped children. Finally, in 1976 Ford approved the reauthorization of the Vocational Education Act, which increased the procedural and administrative requirements on state and local education agencies.

The increased regulation required by the amended Vocational Education Act illustrates another important development in federal education policy during the 1970s -- the adoption of regulations and statutory amendments to ensure that state and local agencies would meet federal goals. Broad legislative strategies are not self-executing, especially when state and local agencies are unfamiliar with, or opposed to, their objectives. When local officials seemed to subvert the intentions of a law, the federal officials were quick to tighten the requirements. For example, provisions of ESEA Title I were adjusted to prohibit the use of funds for general purposes. Targeting provisions were developed to ensure that educational services are provided only for educationally disadvantaged pupils living in the most impoverished attendance areas. Provisions such as maintenance of effort, comparability, and nonsupplanting were intended to ensure that federal aid is not diffused into "regular" education programs and to encourage the allocation of state and local funds for federal purposes. A set of process requirements, aimed at improving compensatory education, were also imposed: LEAs had to conduct needs assessments, establish quantifiable objectives, conduct program evaluations, concentrate resources on the most needy children, and involve parent advisory councils in planning.[2]

The growth and broadening of federal education policy and the tendency to increase regulations governing program administration are similar to the broader developments affecting American federalism. In education, as in other program areas, these developments fueled concern that federal policy was "out of control" and eventually produced efforts to redefine the delicate balance between federal objectives and the states' need for flexibility.

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[1]For a description of education policy during the Nixon Administration, see Finn, Chester E., Jr. Education and the Presidency, Lexington, MA: Lexington Books, 1977.

[2]For a more complete discussion of these issues, see Berke, Joel S., & Moore, Mary T. Op. cit., pp. 4-11.

1976 to Present: Seeking the Balance in Federal Aid to Education. Complaints over the regulatory burden of federal aid and fear that federal money would lead to federal control of education are not new. Indeed, throughout the expansion of federal aid to education, there were dire warnings about the consequences. In 1958, for example, Senator Barry Goldwater expressed his opposition to the National Defense Education Act by commenting:

> This bill...reminds me of an old Arab proverb: 'If the camel once gets his nose in the tent, his body will soon follow.' If adopted, the legislation will mark the inception of aid, supervision, and ultimately control of education in this country by federal authorities.[1]

These and similar comments were voiced, and generally dismissed, during the effort to establish and expand the federal role in education.

But, by the mid 1970s, there was a growing chorus of complaints that federal aid to education had become over-regulated and excessively burdensome. Among the specific complaints were paperwork, excessive regulation, inflexibility, and poor coordination.[2] In response to these concerns, the Congress and the Executive Branch took a number of steps to reduce the administrative complexity of federal aid.

One popular approach was grant consolidation. President Nixon suggested the first large-scale education consolidation in 1971 with the Education Revenue-Sharing Act. Two years later, he proposed another consolidation, the Better Schools Act. President Ford also submitted a consolidation measure to the Congress in 1976. During the 1978 reauthorization of ESEA, Senators Bellmon and Domenici introduced S.1780, The Reorganization and Consolidation Demonstration Project. While these measures received varying degrees of attention and analysis, none were enacted into law.[3]

Some statutory changes designed to simplify federal aid to education were adopted. In the 1978 reauthorization of the Elementary and Secondary Education Act, Congress took several steps to reduce the regulatory

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[1]U.S. Congress, Senate. National Defense Education Act of 1958, Senate Report 2242, (to accompany S.4237, 85th Cong., 2d sess.), Senate Miscellaneous Reports on Public Bills, Vol. II.

[2]For a more complete description of the issues involved in these complaints, see Baratz, Joan C., Hartle, Terry W., & Berke, Joel S. Changing the Federal/State Partnership in Education: An Analysis of S.1780: The Reorganization and Consolidation Demonstration Project, Washington, DC: Educational Testing Service, 1979.

[3]In addition to these major consolidation proposals, two limited consolidations were adopted by the Congress. In 1974, the Congress consolidated seven small categorical programs into two parts of Title IV, ESEA. The first, Part B, was for Library and Instructional Services, while the second, Part C, was for Innovation and Support Services. In 1976, the Congress consolidated 11 vocational education program authorities into two parts: Basic Grants and Program Improvement and Support Services Grants. See Baratz, Hartle, & Berke. Op. cit. for a detailed discussion of the proposed consolidations.

burden of federal assistance. For example, Section 116 of the law encouraged and rewarded states with compensatory education programs by providing matching funds. States were permitted to design their compensatory programs however they chose, but only one-half of the federal matching funds could be spent outside Title I target schools. These changes represented a compromise between federal and state objectives that accommodated state policy priorities but retained the federal emphasis on the poverty basis of educational disadvantage.[1]

Other accommodations in the 1978 Amendments eased leverage tactics where states were phasing in state compensatory, bilingual and special education programs. In particular, funds in these state programs were exempt from supplement-not-supplant and comparability requirements if specific criteria were met. Some targeting tactics were also relaxed. For example, more leeway was permitted in the expenditure of Title I funds for school-wide uses in attendance areas predominantly comprised of Title I pupils. While the number of schools that could qualify was limited, the step was welcomed as a retreat from the rigidities that school administrators claimed had limited their ability to plan and implement locally relevant educational programs. A number of other administrative changes eased the restrictiveness or obtrusiveness of the federal presence, e.g., multi-year applications and new state -- rather than federal -- monitoring responsibilities. Despite the importance of these developments, they were marginal exceptions to the categorical strategy, and they did not satisfy complaints that the existing structure of federal aid required more flexibility and streamlining or possibly needed to be jettisoned completely.[2]

Concerns over federal regulation of education were also evident in the consideration of President Carter's proposal to create a cabinet-level Department of Education. The debate over the desirability of this measure split the education community. Those favoring the department believed it was necessary to provide greater visibility and coordination to federal education efforts, while those opposed predicted it would lead to greater federal intervention in local schools. Eventually, the measure was approved by a scant four votes in the House of Representatives, but not before numerous provisions were added to restrict the Department's authority.

The election of Ronald Reagan heralded an abrupt change in federal education policy. Reagan promised during the 1980 election campaign to dismantle the Department of Education and, once elected, he indicated that this would be a high priority for his administration. The Reagan Administration also sought to reduce the federal presence in education by consolidating most existing programs into two block grants: one for state education agencies and the other for local school districts.

While previously the Congress had rejected consolidation proposals, the 97th Congress was receptive to President Reagan's requests. As part

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[1] Berke, Joel S., & Moore, Mary T. Op. cit., pp. 18-19.

[2] Ibid.

of the Omnibus Budget Reconciliation Act of 1981, the Congress modified Title I of ESEA and consolidated a number of small categorical programs into a block grant. The new law, the Education Consolidation and Improvement Act of 1981, has two primary sections or chapters.

Chapter 1 basically continues ESEA Title I by providing financial assistance to state education agencies (SEAs) and local education agencies (LEAs) for the special needs of educationally deprived children. The new law, however, eliminates most regulatory requirements except those related to fiscal accountability.[1]

Like old ESEA Title I, Chapter 1 requires local school systems to: (1) use federal aid as a supplement to otherwise available state and local resources, (2) ensure comparable services between recipient and non-recipient attendance centers, (3) maintain fiscal effort and keep records for fiscal audits and program evaluations, (4) consult with parents and teachers about the design and implementation of programs, and (5) provide services equitably to private school students. Yet, as a general rule, school systems receiving funds are given substantially greater leeway in administering legislative intent than under ESEA Title I. Among other things, there are fewer reporting requirements; comparability is defined less stringently; and schools apparently are given greater flexibility in selecting student beneficiaries.[2]

Chapter 2 marks an even greater departure from the status quo. Under this measure, some 29 previously separate categorical grants are consolidated into one simplified program. Programs affected included: parts or all of ESEA Titles II, III, IV, V, VI and IX; the Alcohol and Drug Abuse Education Act; the Teacher Corps Program of the Higher Education Act; Follow Through; pre-college science teacher-training of the National Science Foundation; and the Career Education Incentive Act.

The provisions of Chapter 2 are grouped under three program subchapters -- basic skills development, educational improvement and support services, and special projects -- and two general subchapters: the Secretary of Education's discretionary fund and general provisions. The SEAs and LEAs are to determine specific educational needs and priorities among the program subchapters. Of the funds appropriated under Chapter 2, 93% is to be distributed to states on the basis of school-age population. At least 80% of each state's share is to be distributed to LEAs according to public and private school enrollment, adjusted to provide additional funds for LEAs with the greatest number of high-cost pupils such as those from low-income families, those living in economically depressed urban and rural areas, or those living in sparsely populated rural areas. Each state must design a formula for distributing Chapter 2 funds with the assistance of an advisory committee appointed by the governor.[3]

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[1]For a description of the provisions of Chapter 1 and Chapter 2, see Hartle, Terry W., & Wilken, William H. The Impact of Federal Education Budget Cuts on City Schools, (Paper prepared for the American Educational Research Association meeting), Washington, DC: Educational Testing Service, Education Policy Research Institute, March 19, 1982, pp. 4-5.

[2]Ibid.

[3]Hartle, Terry W., & Wilken, William H. Op. cit., pp. 5-6.

In addition to consolidating many education programs, the Reagan Administration encouraged reduced federal fiscal support. As Table 1 shows, it has achieved some measure of success in this area. Between 1980 and 1982, total appropriations for major education aid programs for special needs students decreased from $6.2 billion to $5.5 billion. Some programs -- such as the block grant and bilingual education -- were slashed by one-third. Despite the general pattern of budget reductions, one program -- handicapped education -- grew 20%.

Table 1

Appropriations for Major Federal Elementary/ Secondary Education Programs, 1980-1982[1]

	Fiscal Year		
	1980	1981	1982
Chapter 1 (Compensatory Education)	$3,215.6	$3,104.3	$2,894.5
Chapter 2 (Block Grants)	866.8	612.5	536.9
Handicapped Education	1,049.0	1,177.9	1,215.0
Vocational and Adult Education	901.8	781.6	742.2
Bilingual Education	191.5	161.4	138.1
Total	$6,224.7	$5,837.7	$5,526.7

Parellel Developments in the States

The massive changes in federal aid to education did not occur in a vaccuum. During the same period that federal aid to education was growing, state governments were expanding their own resources devoted to education. While the increased professionalization of state legislatures and governors and the increased size of administrative agencies had important implications for education, state education policy was influenced by a number of other factors. Perhaps the three most important developments that shaped state education policy in the 1970s were school finance reform, equality of educational opportunity, and accountability.

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[1]Fiske, Edward B. "Reagan Record in Education; Mixed Results." New York Times Survey of Education, November 14, 1982, p. 39.

During the 1970s many states reformed their structures of financing elementary and secondary education. By the end of the decade the efforts to modify school funding had achieved impressive success: "favorable lawsuits in thirty-six states, constraints on spending disparity within states and within individual school districts, and substantially revised taxing structures in many states."[1] Reforming school finance was frequently accompanied by higher levels of state education spending. Between 1970 and 1980, the state share of education expenditures increased from 43 to 52%.[2] Over half the states now provide more than 50% of the non-federal revenues for public education.[3] Given the fiscal pressures facing many states, however, it is unclear if states will continue to increase their share of educational support.[4]

In a second development, many states created programs to meet the needs of special student populations. A total of 23 states now provide local school systems with funds for disadvantaged children. In addition 13 states mandate services to students with limited English-speaking ability, and an additional 19 states have provisions permitting such services. Finally, all 50 states provide funds to local school districts to help meet the costs of educating handicapped children.[5]

The impetus for the state programs is unclear. Some writers believe that states responded to the same pressures that affected federal education policy -- especially the desire to ensure equality of educational opportunity -- while others argue that state programs were stimulated primarily by federal activities and requirements.[6] There is also disagreement about the future of state activities: some wonder if state

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[1]Guthrie, James W. "United States School Finance Policy, 1955-1980." In Guthrie, James W. (ed.). School Finance Policies and Practices -- The 1980s A Decade of Conflict, (First Annual Yearbook of the American Education Finance Association), Cambridge, MA: Ballinger Publishing Co., 1980, p. 37.

[2]Kutner, Mark A., Sherman, Joel D., & Small, Kimberly J. "The Context of Federal and State Education Policy." In Sherman, Joel D., Kutner, Mark A., & Small, Kimberly J. New Dimensions of the Federal-State Partnership in Education, Washington, DC: Institute for Educational Leadership, 1982, p. 8.

[3]McDonnell, Lorraine M., & McLaughlin, Milbrey W. Education Policy and the Role of the States, Santa Monica, CA: Rand Corporation, 1982.

[4]See, for example, Adams, E. Kathleen. A Changing Federalism: The Condition of the States, Denver, Colorado: Education Commission of the States, 1982, pp. 2-13.

[5]Winslow, Harold R., & Peterson, Susan M. "State Initiatives for Special Needs Students." In Sherman, Joel D., Kutner, Mark A., & Small, Kimberly J. Op. cit., pp. 46-62.

[6]See, for example, Odden, Allan. "School Finance Reform: Redistributive Education Policy at the State Level." and Winslow, Harold R., & Peterson, Susan M. "State Initiatives for Special Needs Students." In Sherman, Joel D., Kutner, Mark A., & Small, Kimberly J. Op. cit.

efforts for special needs programs will survive in the wake of changing federal policy, fiscal retrenchment, and budget reductions.[1]

A third trend seen in most of the states in the last decade has been a growing concern with educational quality. A recent study concluded, "States have moved from being passive dispensers of services and standards to assuming an explicit and often quite active role in enhancing the quality of local educational practice."[2] Another study concluded that all states have adopted some activity designed either directly or indirectly to promote greater educational quality.[3] These state efforts include such diverse initiatives as teacher certification requirements, teacher in-service programs, parent involvement requirements, student competency measures, leadership workshops, school improvement programs, and regionalized SEA structures.[4]

State efforts to improve education quality seem likely to continue for two reasons. First, they respond to public pressures for improved education. In addition, at the same time that they raise the quality of educational practice, these activities often create economies in the use of scarce resources.[5]

Summary

This chapter has reviewed the expansion of the federal government's role in American society and the controversy surrounding this growth. In education, this expansion has provoked complaints that the federal activities have infringed on the responsibilities of state and local governments. Despite several efforts to redirect federal aid to education, the controversy over the nature and shape that federal aid should take remains unsettled.

In this study we will examine one major facet of this issue, the interactions of federal and state education programs. The next chapter describes the conceptual framework and methodology we employed to analyze these interactions.

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[1]McDonnell, Lorraine M., & McLaughlin, Milbrey W. "The States' Commitment to Special Needs Students." In Sherman, Joel D., Kutner, Mark A., & Small, Kimberly J. Op. cit. pp. 63-82.

[2]McLaughlin, Milbrey. "State Involvement in Education Quality Issues." In Ibid., p. 17.

[3]Odden, Alan, & Dougherty, Van. State Programs of School Improvement: A 50 State Survey, Denver, CO: Education Commission of the States, 1982.

[4]McLaughlin, Milbrey. "State Involvement in Education Quality Issues." In Op. cit., p. 19.

[5]Ibid., pp. 25-26.

CHAPTER II: CONCEPTUAL FRAMEWORK, METHODOLOGY AND SAMPLE

Introduction

This chapter describes the study framework, identifies the research questions, presents the case study methodology and reviews the criteria employed to select states for analysis. In addition, the chapter summarizes the social, political and fiscal forces that shape education policymaking in these states, and describes the major characteristics of each state's education policies.

Conceptual Framework

Figure 1 presents the intergovernmental network influencing and implementing federal education policies and programs. Three complex and interrelated policymaking arenas -- federal, state and local -- each representing a network of actors, institutions and traditions operate concurrently, making choices and creating expectations for each other with the final objective of delivering educational services to students. Moreover, each of these arenas influences the others, both directly and indirectly, intentionally and unintentionally.[1]

This framework reflects three broad assumptions concerning the structure of the American federal system and how federal education policy is implemented. These assumptions are drawn from the literature on American federalism and social policy implementation, as well as from our research and experience with the administration of state and federal education programs.

First, the American federal system is one of shared functions and shared powers.

> There is no central government with absolute authority over the states in the unitary sense, but a strong national government coupled with strong state governments in which authority and power are shared, constitutionally and practically.[2]

As we saw in the preceding chapter, states share many activities with the federal government, but without forfeiting their policymaking roles and decision-making powers. In fact, it has been argued that expansion of federal policymaking has expanded state responsibility and power as well.[3]

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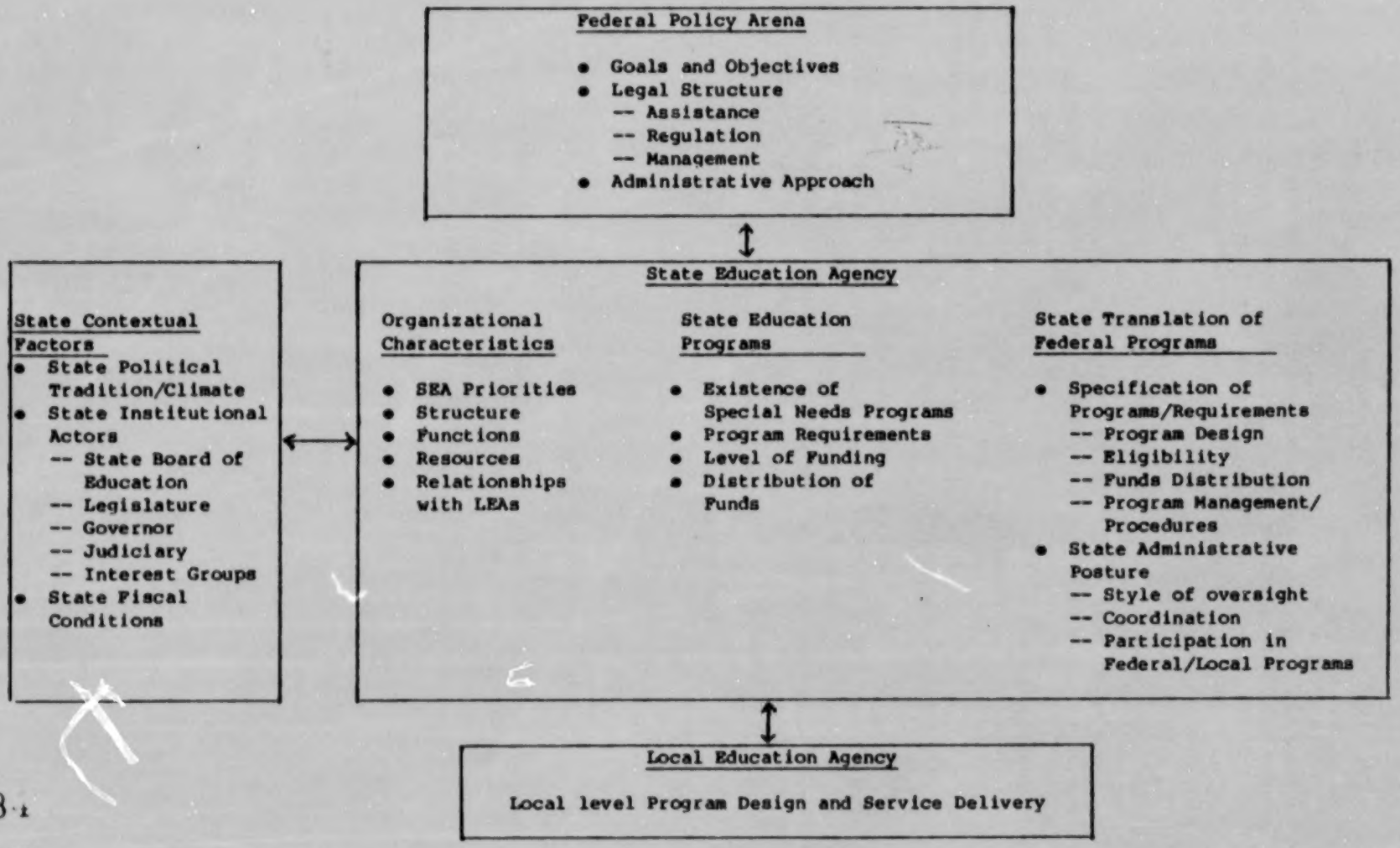
[1] Although our study is limited to the federal/state arena, the local school district has been included in the figure to present a complete view of the education governance system. The effects of federal and state special needs programs at the district level is the focus of a companion study, Cumulative Effects of Federal Education Policies on Schools and Districts, conducted by SRI International for the School Finance Project.

[2] Elazar, Daniel J. American Federalism: A View from the States, New York: Thomas Y. Crowell Co., 1972, p.3.

[3] Cohen, David K. "Policy and Organization: The Impact of State and Federal Educational Policy on School Governance." Harvard Education Review, Vol. 52, No. 4, November 1982; and Elazar. Op. cit.

Figure 1
Framework of Intergovernmental System Affecting Federal/
State Program Administration and Interaction



Second, the implementation of national social policy is neither automatic nor assured.[1] The traditional picture of federal policy as one of federal goals and financial resources handed downward through an essentially hierarchical process breaks down in a system of shared authority and power.[2] Because federal education policy is implemented ultimately by state and local agencies with their own administrative structures and political environments, the success of federal programs depends on the government's capacity to influence the behavior of these agencies. The federal government offers financial incentives to states and localities in an attempt to alter state behavior. States and localities, on the other hand, seek maximum leeway to pursue their own goals with these funds. The implementation model, therefore, is based on conflict and bargaining. Bargaining takes place even when a broad agreement on policy means and ends is missing as long as both parties share a common interest in completing the grant transaction.[3]

Third, state and local policymakers modify and adapt federal and state requirements to their perceived needs and exigencies. Previous studies of the implementation of federal education programs found that state responses to federal education policy varied along a continuum ranging from disregard of federal expectations to a faithful passing on or mirroring of federal provisions to intermediate or local jurisdictions. The middle position on this continuum characterized states as adjusting federal requirements to suit their conditions or policy choices either by modifying the federal substance of provisions or adding to the requirements.[4] Research at the local level has shown that effective implementation of federal education programs is characterized by "mutual adaptation" between the project and its organizational setting; that is, the project and organization both change as a result of their interaction.[5]

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[1]Berman, Paul. "The Study of Macro- and Micro-Implementation." Public Policy, Vol. 26, No.2, Spring 1978, pp. 157-184.

[2]Elmore, Richard F. "Organizational Models of Social Program Implementation." Public Policy, Vol. 26, No. 2, Spring 1978, pp. 185-229.

[3]Ingram, Helen. "Policy Implementation through Bargaining: The Case of Federal Grants-in-Aid." Public Policy, Vol. 25, No. 4, Fall 1977, pp.499-526. For an expanded discussion of the conflict and bargaining model, see Elmore. Op. cit., pp. 217-226.

[4]See Berke, Joel S., & Kirst, Michael W. Federal Aid to Education: Who Benefits? Who Governs? Lexington, MA: Lexington Books, 1972; Goettel, Robert J., Kaplan, B.A., & Orland, Martin E. A Study of the Administration of ESEA, Title I in Eight States, Syracuse, NY: Syracuse University Research Corporation, October 1977; and McDonnell, Lorraine, & Pincus, John. Federal Aid to Education: An Intergovernmental Perspective, Santa Monica, CA: The Rand Corporation, 1977.

[5]Berman, Paul, & McLaughlin, Milbrey W. Federal Programs Supporting Educational Change. Volume I: A Model of Educational Change, Santa Monica, CA: The Rand Corporation, 1974; and Berman. Op. cit.

The framework also identifies factors that explain variations in the patterns of program administration. We have classified these variables into four categories: 1) federal education requirements; 2) organizational characteristics of the state education agency; 3) the existence of complementary state education programs; and, 4) state contextual influences. The following sections briefly describe these categories, citing the research underlying their selection. Each is discussed in greater detail later in this report.

Federal Education Requirements

The goals and objectives of federal education policy are realized through both a legal framework and administrative approach. In constructing the legal framework, policymakers choose from a range of devices defining the type of assistance provided (financial and/or technical assistance), the funding relationship (funded fully by the federal government, cost-sharing between levels of government, etc.), the requirements and conditions tied to the program (program rules, non-discrimination rules and service mandates), and the way in which the required activities will be managed (e.g., the review of applications, and the monitoring, auditing and evaluation of programs).

The formal legal structure, however, is just a starting point in the administration of federal education laws. Laws are implemented differently by the federal government depending on a number of factors: the purpose of the law; the resources devoted to it; and, the history of federal and state activity in the area. Thus, while two federal laws can embody similar legal provisions, the way in which they are administered can differ.

Organizational Characteristics of the SEA

Studies of education programs have shown that implementation decisions are affected by the role orientations of state education agencies,[1] the structure and administrative capacity of these agencies,[2] and the extent to which states share federal program goals.[3] We focused our examination on four variables: (1) SEA priorities; (2) SEA structure; (3) SEA functions and resources; and, (4) relationships with local school districts.

Educational priorities set by the state legislature, governor, state board of education and/or chief state school officer, as well as by the

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[1] Milstein, Mike M. Impact and Response, New York: Teachers College Press, 1976; Orland, Martin E., & Goettel, Robert J. "States and the Implementation of Federal Categorical Programs in Education: A Heuristic Framework." Education Evaluation and Policy Analysis, Vol. 4, No. 2, Summer 1982, pp. 141-155; and McDonnell, Lorraine, & McLaughlin, Milbrey W. Education Policy and the Role of the States, Santa Monica, CA: The Rand Corporation, May 1982.

[2] McDonnell & Pincus. Op. cit.; and Goettel, Kaplan, & Orland. Op. cit.

[3] Goettel, Kaplan, & Orland. Op. cit.; and McDonnell & McLaughlin. Op. cit.

state political climate, influence the emphasis SEAs place on basic skills programs, civil rights policies, education of students with limited English proficiency, and so forth. SEAs with priorities consistent with the goals of federal education programs are likely to administer federal programs in a way that is compatible with federal expectations and to support state programs with similar objectives.[1]

The way that SEAs are structured can also affect federal program administration. It has been argued that the organization of these agencies along federal categorical program lines enhances the autonomy of categorical grants-in-aid supervisors thus isolating the federal program from other activities. Organization along functional lines, on the other hand, enhances the likelihood that states will coordinate the administration of federal and state programs with similar objectives.[2]

SEAs also vary considerably in the functions they perform. Some perform only those functions necessary to implement state and federal laws, while others are involved actively in research, planning and evaluation, as well as curriculum and program development. This capacity, along with resources available to the department (as measured by the size of its budget and staff size and experience), affects the administrative performance of SEAs.

The working relationship between the state education department and local school districts can also influence the SEA's role in administering state and federal programs. We hypothesized that in a state with a strong tradition of local autonomy, the SEA is unlikely to add specificity to federal regulations and would limit its oversight and monitoring activities to those required by federal law.

While these variables influence the way in which states administer federal programs, federal programs in turn affect the nature of these variables. For example, funds distributed through Title V and the administrative set-asides of other federal education programs were designed to strengthen the capacity of SEAs to administer programs and provide technical assistance to local school districts. Supported by these funds, SEAs grew rapidly in the late 1960s and early 1970s.[3] Furthermore, audit requirements contribute to the organization of SEAs along program lines by

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[1] Orland & Goettel. Op. cit., p.146.

[2] Hale, George F., & Palley, Marian Lief. "Federal Grants to the States: Who Governs?" Administration and Society, Vol. 11, No. 1, May 1979; and McDonnell & Pincus. Op. cit.

[3] Milstein found in a nine-state survey that the increase in the number of professional personnel in these SEAs ranged from 54% (Minnesota) to 226% (Alabama) between 1962 and 1968. Milstein. Op. cit., p.15.

disallowing federal support of SEA staff not directly linked to the federal funding source.[1]

State Education Programs

State policy choices in education, as well as the state administration of federal programs, vary greatly. Taken together, the content, requirements and funding of state education programs shape the educational context in which federal programs are administered. While all states have programs of general aid to education, the size, shape and funding of the programs are quite dissimilar. States also differ in their support of students with special educational needs, such as disadvantaged, handicapped and bilingual students. Some states, like California and New York, have established categorical programs to meet specified state policy objectives, while others, such as Wyoming, distribute resources through a general formula that lets local districts choose how best to meet student needs.

States also vary in adoption of state regulatory strategies analogous to those found in CRA Title VI, Sec. 504 and Title IX. Larson et al. in a survey of state civil rights requirements found 12 states with specific anti-discrimination laws comparable to Title VI and 11 states with no such requirements.[2]

The existence of state education programs and policies for special needs students can have two different kinds of impact on the administration of similar federal programs. On the one hand, it shows that the state supports goals and objectives that are compatible with those of the federal government. On the other hand, should federal and state programs employ different approaches to serving special needs groups, conflicts are likely.

State Contextual Factors

The organizational characteristics of the SEA, state education policy choices and state administration of federal programs are shaped, in turn, by the structure of the education policymaking system in each state.[3]

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[1] McDonnell & McLaughlin. Op. cit., p.24.

[2] Larson, Meredith, Mandel, Thomas F., Mogin, Bert, & Winslow, Harold, R., Jr. Finding the Common Denominator: The Capacity of State Agencies to Assist the HEW Office for Civil Rights, Menlo Park, CA: SRI International, Educational Policy Research Center, Sept. 1979.

[3] Berke & Kirst. Op. cit.; and McDonnell & McLaughlin. Op. cit.

The extensive literature on the politics of education identifies many elements that are critical in understanding the state education policymaking arena. These include state political traditions, state legislative and executive branch leadership, state revenue bases and state constituency pressures.[1]

This arena has expanded and changed greatly during the last decade. When the sudden influx of federal aid to education occured in 1965, few legislatures had the capacity to oversee policy implementation of either federal or state education programs.[2] Education policy was shaped by a coalition of education interest groups working with SEA staff. Legislators and governors generally deferred to the compromises that emerged from those deliberations. Since the early 1970s, however, courts, legislatures and governors have become increasingly involved in education policymaking, due in larger part to the professionalization of state government discussed in Chapter I and the increased willingness of courts to apply constitutional doctrines of due process and equal protection to education issues. In addition, the education lobby has been fragmented by teacher unionization, the growing categorization of state and federal education funding, and persisting cleavages among urban, suburban and rural interests.[3]

Research Questions

This study focuses on two dimensions of this intergovernmental education system: state administration of federal programs, and federal and state education program interactions. The term state administration of federal programs means both the substantive and procedural steps that a state takes to implement a federal requirement. Federal/state program interactions include interactions among federal programs as well as interactions between federal and state programs. By "interact" we mean programs or provisions influencing each other, conflicting with each other, reinforcing each other or compounding the administrative burden placed on recipient agencies.

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[1]Bailey, Stephen K. et al. Schoolmen and Politics: A Study of State Aid to Education in the Northeast, Syracuse, NY: Syracuse University Press, 1962; Iannaccone, Lawrence. Politics in Education, New York: Center for Applied Research, 1967; Campbell, Ronald F., & Mazzoni, Tim L., Jr. (eds.). State Policymaking for the Public Schools: A Comparative Analysis, Columbus, OH: Education Governance Project, Ohio State University, August 1974; Wirt, Frederick M. "Education Politics and Policies." In Jacob, Herbert, & Vines, Kenneth N. (eds.). Politics in the American States: A Comparative Analysis, (Third Edition), Boston: Little, Brown and Company, 1976, pp. 248-348; and Fuhrman, Susan, Berke, Joel S., Kirst, Michael W., & Usdan, Michael. State Education Politics: The Case of School Finance Reform, Denver, CO: Education Commission of the States, 1979.

[2]Berke & Kirst. Op. cit.

[3]Kelly, James A. "The Public Policy Context of Education Finance." In Thomas, J. Alan, & Winnelberg, R.K. (eds.). Dilemmas in School Finance, Chicago: Midwest Administration Center, University of Chicago, 1978, pp. 45-51.

Four major research questions structured our activities:

1) What mix of federal requirements has the federal government imposed on state and local education agencies, and what intergovernmental functions do they serve?

2) How have states interpreted, administered and modified the mix of federal requirements imposed and with what consequences?

3) How have federal requirements separately and together influenced the development and administration of state education policies and practices for special pupil populations?

4) How have different state political, fiscal and institutional contexts influenced the administration and interaction of federal and state programs?

We addressed each question on two levels: a description of the situation or phenomenon at issue and an explanation of the causes behind that situation. For example, we studied not only how states modify particular federal provisions, but why those particular modifications have emerged. This descriptive/causal emphasis provides a dynamic look at the administration and interaction of state and federal programs. We were also mindful of the policy relevance of our research. While we did not undertake a study to formulate new directions for federal policy or to predict the consequences of alternative approaches, we did seek to gather information relevant to the federalism debate and proposals to alter federal education policy.

Study Methodology

The study involved three separate but related phases. The first phase focused on an analysis of federal statutory and regulatory provisions in programs under consideration. The second phase examined the state-level administration of federal programs and requirements, and the interaction of these programs with related state programs, through the preparation of comparative case studies. Phase three involved analyses of these case studies to extract cross-site findings and to integrate them with findings from the federal and state legal analysis.

Legal Analysis

Our review of federal laws and requirements identified similarities and differences in the responsibilities of federal and state actors across the programs included in the study and characterized the major administrative strategies employed to implement the laws. This analysis provided site visitors with a common understanding of a broad range of laws, and helped to interpret the interactions between federal and state governments in the process of program implementation.

The first task in this review involved devising a framework that would provide a uniform means of comparing and contrasting both the federal legal structure and expectations placed on state and local governments by the various laws. Through a textual analysis of each statute and regulation, we identified nine categories[1] for classifying the tools and techniques used in the programs studied. We then arrayed each law's provisions under these categories.

The second task involved describing both formal and informal administrative procedures used by the federal government to implement these laws and regulations. We supplemented the textual analysis with a review of implementation studies and other research reports, and interviews with federal officials involved in administration of the laws.

Comparative Case Studies

We used a comparative case study approach for collecting and analyzing the state-level information required by the study. We selected eight states for study and gathered information about each state from a wide array of sources: state documents, state laws, and secondary sources of data; interviews with respondents from the SEA, legislature, governor's office, state board of education and interest groups, as well as with administrators in three local school districts in each state; and monthly reports from an "in-state observer" on current developments in the state relevant to study topics. The background materials and monthly reports provided information on the structure, finance, and operation of the state's programs for special needs students; the organizational structure of the SEA and education governance patterns in the state; funding patterns for education and constraints on state and local revenues in support of education; and state political factors affecting state education policymaking.

The primary source of our data collection, however, was interviews with respondents at the state and local school district levels. The interviews sought data on the ways federal and state policies and programs are administered and interact. Rather than developing detailed respondent-level questions for the field work, we generated a case study format guide which outlined the substantive topics and elements to be included in each state case study. The specific people interviewed, the questions asked, and the topics discussed varied according to the background, knowledge, responsibilities and institutional affiliation of each person. This approach allowed us to structure the final case studies so that they were comparable across states while at the same time permitting us the flexibility within the states to obtain the kind of in-depth information necessary to answer the major research questions.

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[1] These categories are: qualifying conditions; funds allocation; funds targeting; program oversight; program design; program operations; fiscal conditions; sanctions; and exclusions/waivers.

The data collected by each site visitor were organized around a set of research assertions. The assertions were generated by the site visitors and reflected a consensus on several dimensions: the type of findings anticipated as emerging from the study; the appropriate level at which to present findings; the total number of issues that could be investigated; the types of issues of most importance; and those issues that could be informed by fieldwork.

Analysis of Case Study Data

The research assertions also provided the mechanism for organizing our findings within state analyses (the vertical look) and the across-states analysis (the horizontal look). We prepared eight separate case studies, focusing on how the administration of federal and state education programs is affected by each state's unique environment (Volume II of this report).

The across-states analysis required site visitors to discuss within-state findings as they confirmed or denied the research assertions. After each assertion and the supporting evidence were discussed comparatively, analytic findings emerged in the form of reworded assertions or assertions that occurred under specific conditions. In addition, we analyzed the case study data by clusters of contextual factors, such as states experiencing fiscal stress, states with strong norms for local autonomy, and states which have taken the lead in developing their own programs for special needs students. Then we grouped the findings into three areas of impact: 1) the organizational capacities of state education agencies; 2) the political environment in the states supporting equal educational opportunity goals; and 3) the way that states administer federal and related state education programs.

Study Sample

Our primary consideration in selecting states for this study was to present realistic variations in federal and state implementation and policy patterns. By choosing states that showed sufficient variation on factors most likely to influence federal and state program interactions, we felt we could more easily generalize from our observations to the 50 states.

We emphasized six criteria in picking states for case study analysis: state support for education; state fiscal stress; number and size of state programs for special pupil populations; federal aid as a percentage of total revenue for education; regional location; and state political culture. We enriched the case study sample with a second set of factors. These included efforts by states to coordinate federal and state special pupil programs and states that had unusual approaches to education policy (e.g., pupil weightings, consolidated program administration) or governmental management (e.g., tax and/or expenditure limitations).

Using these two sets of factors, we chose eight states for detailed analysis: California, Louisiana, Massachusetts, Missouri, New Mexico, New York, Virginia, and Wyoming. Table 2 illustrates the range of variation across two of our criteria -- state support of general education and

federal aid as a percent of total education revenue. It shows the sources of education revenues for each of our sample states compared to the national average. Federal revenue ranges from a low of 3.8% of total education revenue in New York State to a high of 12.0% in New Mexico. In some states (New Mexico, Louisiana, and California) a high percentage of educational revenue comes from state government, while in the remaining states the majority of education funds are provided by local sources.

Table 2

Percent of Revenue Receipts for Education by Source, 1981-1982

	Federal	State	Local and Other
50 States and D.C.	8.1	48.9	43.0
California	6.8	74.3	18.9
Louisiana	10.9	56.4	32.7
Massachusetts	7.8	38.4	53.8
Missouri	8.7	38.4	53.0
New York	3.8	40.2	56.0
New Mexico	12.0	76.1	11.9
Virginia	7.8	40.6	51.6
Wyoming	6.6	29.1	64.3

Source: National Education Association. "Estimates of School Statistics 1981-82." Washington, DC: NEA, 1982.

The states in our sample are diverse on a number of other criteria as well, including wealth, size and expenditures. For example, our sample includes some of the richest and poorest states in the nation (See Table 3). California and Wyoming rank fifth and sixth in the nation in per capita personal income; New Mexico, on the other hand, ranks 39th.

Table 3

Per Capita Personal Income

	Amount	Rank	As Percent of National Average, 1979	Change 1969 to 1979 Percent	Rank
50 States and D.C.	$8,773		100.0	139	
California	10,047	5	115.0	139	35
Louisiana	7,583	37	86.0	167	8
Massachusetts	8,893	18	101.0	122	47
Missouri	8,251	33	94.0	141	34
New York	9,104	16	104.0	110	51
New Mexico	7,560	39	86.0	168	7
Virginia	8,587	24	98.0	152	22
Wyoming	9,922	6	113.0	191	1

Source: U.S. Department of Commerce, Bureau of Economic Analysis. "Survey of Current Business." Washington, DC: The Bureau, August 1980, p. 58.

California and New York have the first and third largest student enrollments in the country, while New Mexico and Wyoming have among the smallest number of students (See Table 4). During the 1970s the level of enrollment in these states changed considerably. Some states, such as New York and Missouri, experienced a substantial decline, while Wyoming, unlike any other state, experienced considerable growth. The level of minority enrollment is as low as 8.5% of the total in Wyoming and as high as 53.3% in New Mexico.

Table 4

Public School Enrollment 1970-1971 and 1980-1981

	Enrollment in 1980-1981 Number (in thousands)	Rank	Percent Change in Enrollment 1970-71 to 1980-81	Percent Minority Enrollment (1978)
50 States and D.C.	40,984		-10.7	24.7
California	4,118	1	-11.1	36.0
Louisiana	778	18	- 7.6	42.2
Massachusetts	1,022	13	-12.5	9.5
Missouri	845	16	-18.7	15.5
New Mexico	271	37	- 3.6	53.3
New York	2,871	3	-17.4	30.9
Virginia	1,010	14	- 6.4	27.1
Wyoming	98	49	12.6	8.5

Source: National Education Association. "Estimates of School Statistics 1981-82." Digest of Education Statistics, Washington, DC: National Center for Educational Statistics, 1981, Table 36 p. 47. (Minority includes Blacks, Hispanics, Asian or Pacific Islanders, American Indian or Alaskan Native.)

Figures on per capita general expenditures provide some indication of a state's willingness to spend money on public services. Half of the states in our sample (Wyoming, New York, Massachusetts and California) exhibit a high level of per capita expenditures (See Table 5). Several other states, however, such as Missouri, Virginia, and Louisiana had a comparatively low level of expenditures. A slightly different result emerges when state and local spending for education is examined. Using the traditional measure of education spending--per pupil expenditures--some of the states, such as California and Wyoming, rank much lower in education spending than they do in general expenditures. Others, such as Missouri, have a relatively higher ranking on expenditures for education than for all public services.

Table 5

Expenditure Patterns: General Expenditures per Capita, 1978-1979 and Education Expenditures per Pupil, 1980-81

	Total General Expenditures Per Capita 1978-79		Estimated Current Expenditures for Public Elementary and Secondary Schools Per Pupil 1978-79	
	Amt.	Rank	Amt.	Rank
50 States and D.C.	$1,481		$2,455	
California	1,651	11	2,513	21
Louisiana	1,366	32	1,972	39
Massachusetts	1,678	8	3,186	5
Missouri	1,129	49	2,101	32
New Mexico	1,571	20	2,153	28
New York	1,975	4	3,467	3
Virginia	1,354	34	2,115	31
Wyoming	1,981	3	2,437	23

Sources: U.S. Department of Commerce, Bureau of the Census. "Governmental Finances in 1978-79." Washington, DC: U.S. Government Printing Office, pp. 91-93.

While these data provide a good illustration of the economic and demographic variations across states, the differences among our sample become most apparent when one considers the broader socio-political environment. The following profiles summarize the major characteristics of each state's education policies and the social, political and fiscal forces shaping education policymaking.

California

California is, by any measure, the largest state in our study. In addition to its large population, California has a sizable minority enrollment that includes Blacks, Indians, Mexican-Americans, and Asians. California also has the largest state government in the nation, whether measured by the size of its budget or number of its employees.

The state is generally regarded as a harbinger of national political and social trends. In the field of education, California was a leader in establishing and expanding educational opportunities and programs for disadvantaged students. In the mid 1970s, with the passage of the property tax limitation measure, Proposition 13, California voters launched a tax reduction movement that spread rapidly across the nation.

Although Proposition 13 has sharply reduced growth in public revenues, California remains a high-tax state that spends large amounts per capita on public services. A large portion of the state budget is devoted to education. In recent years the state share of education spending has increased sharply as the state distributed funds to localities to compensate for the reductions in local revenue caused by Proposition 13.

Education policy in California is shaped by a number of different factors. Wilson Riles, for 12 years the state's elected Superintendent of Instruction, is a nationally known educator who launched a number of educational programs in areas such as compensatory education, early childhood education, bilingual education, and school improvement. Riles was also instrumental in the enactment of California's Master Plan for Special Education which anticipated the federal passage of P.L. 94-142. The state department of education is a large, very professional organization that exerts considerable influence in setting state education policy. The state legislature, characterized as "superbly staffed, full-time [and] well paid" also plays an important role in education policy.[1] Interest groups and lobbyists--especially those representing the big cities and the teachers unions -- are also influential.

Money has dominated discussions of education policy in California for several years. In part, this stems from the California Supreme Court's 1973 decision in Serrano v. Priest and the introduction of a school finance equalization formula that increased the state share of education funding by about 10%. Further, the passage of Proposition 13 and the establishment of several other new programs (such as the state's School Improvement Program) contributed to sharp increases in the level of state education support.

In addition to money, another major education issue in California is whether to implement additional phases of the School Improvement Program. Another development with important future implications is the recent electoral defeat of Superintendent Wilson Riles.[2] William Honig,

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[1]Peirce, Neal. The Megastates of America: People, Politics, and Power in the Ten Great States, New York: W. W. Norton and Co., 1972, p. 595.

[2]This election occurred in November 1982, after we had completed our fieldwork.

the new Superintendent, has called for tougher academic standards and discipline, greater citizen participation, statewide graduation standards, and changes in the operation of the state department of education.

Louisiana

Louisiana is a state of diverse cultures. The territory was originally settled by the Spanish, and their influence remains visible throughout the state. In the eighteenth century the Arcadians, French settlers of Novia Scotia who had been driven out by the British, settled in Louisiana and established the only sizable French-speaking community in the United States. The French influence can be seen today in the state's legal system, which is based on the Napoleonic code rather than on British common law as in every other state. Finally, the state has always had a substantial Black population. In 1980, nearly 30% of Louisiana's residents were Black, the third highest percentage in the nation.

For most of its history, Louisiana has been a poor state. During the twentieth century, the state had a low per capita income and little major industry. In the last decade, however, the state's economy has expanded rapidly -- the product of its sizable energy resources -- putting Louisiana in an enviable financial condition. Nonetheless, per capita income remains below the national average.

Political activities are focused at the state level where a large number of interest groups compete for the attention of the legislature and the governor. Patronage is an important aspect of the state's political culture. Indeed, it was only in the last year that civil service requirements were extended to the department of education.

A large portion of the state's budget is devoted to education and, accordingly, it receives extensive political attention. However, a historically low level of public expenditures has limited the provision of high-quality education, especially to rural and minority citizens. As a result, Louisiana has traditionally had one of the highest illiteracy rates in the nation and relatively low education expenditures.

In recent years, however, the state has increased education funding sharply -- the product of additional state revenues from the energy industry. Most of the state's education aid is distributed through a minimum foundation program, although the state provides categorical support for vocational education, reading, and professional development for teachers. The state education agency recently has emphasized competency-based student evaluation, remediation, and teacher competency.

Federal support for education has not been overly popular in this conservative state. Indeed, many state and local educators equate the federal role in education with desegregation, the Office for Civil Rights and federal courts.

Massachusetts

Massachusetts is a state of paradoxes. Politically, it has traditionally been one of the nation's most liberal states, but in 1978 it elected a conservative governor. In November 1982 the tide shifted back with the election of a more liberal governor. Economically, the state has suffered from a declining industrial base and high unemployment at the same time that it enjoys substantial economic growth in the electronics and computer industries. Socially, Massachusetts has a history of high expenditures for public services, but a new tax limitation measure may curtail these services.

Politics is a thriving business in Massachusetts. Local and state politicians are very visible and many state officials have later played major roles in the federal government. The state's commitment to public services has helped produce a politically sophisticated legislature and state bureaucracy.

The most important recent development in Massachusetts was the enactment of a restrictive property tax limitation measure known as Proposition 2-1/2. This law required local governments to set property taxes at no higher than 2-1/2% of assessed valuation. While the ultimate consequences of the law remain to be seen, this measure had an immediate, direct and dire impact on school district spending for education. In addition, the law ended the fiscal autonomy of local school boards -- that is, it eliminated their power to establish district budgets unilaterally.

For much of its history, the Massachusetts Department of Education adopted a deferential attitude toward school districts, and local control of education was very important. In the 1970s, however, the state adopted strong laws providing for the education of special needs students: racial minorities, handicapped and bilingual students. The Department of Education has not hesitated to enforce these laws aggressively -- and the programs and mandates for special needs students dominate state education policies. The emphasis on monitoring and enforcement has greatly increased the department's power and visibility.

Of the major issues surrounding education policy in Massachusetts, none has greater importance than the long-range impact of Proposition 2-1/2. Other issues of concern at present include the nature and extent of state mandates on local education agencies and the continuing social and political turmoil surrounding school desegregation in Boston and throughout the state.

Missouri

Education policy in Missouri is shaped by a history of political, fiscal and social conservatism. The state has two major urban areas, St. Louis and Kansas City, that suffer many of the ills affecting metropolitan areas nationwide, such as declining population and a shrinking industrial base. Yet, the state capitol and governor's mansion have generally been controlled by representatives of the state's large rural areas and small cities.

Missouri does not have a strong tradition of support for public services, including education. According to recent data, Missouri ranks 46th in state tax effort, 47th in per capita expenditures for education, 40th in average teacher salaries, and 49th in per capita state expenditures for all functions. The state's conservative fiscal policies have been aggravated in recent years by two factors: trends in the national economy (because the state's economy depends heavily on manufacturing and farming, Missouri has been especially hard hit by the recession) and the passage of the Hancock Amendment, a tax limitation measure which restricts the amount of new tax revenues the state may raise.

Other factors have operated to limit the size and range of state education programs in Missouri as well. The perception that disadvantaged students are an urban problem (largely in Kansas City and St. Louis) limits the support for these students in the rural-dominated legislature. The low level of legislative support for these students is further suggested by the absence of any statewide compensatory education, bilingual education or desegregation programs. The state does administer a small remedial reading program, however. A strong tradition of local control of education limits the state education agency's role in setting statewide policy to one of influencing, rather than mandating, local school district activities. The state education Commissioner, a respected and highly visible official, reflects the low-pressure political style of the state and takes a consensus-building orientation toward new education initiatives. His principal interests are in the development of curriculum and instructional management systems designed to increase basic skills.

The state legislature has provided some leadership in education, primarily in the areas of school finance and minimum competency testing. The major education issues at present center around the state's perilous financial condition. In early 1982 the state was forced to delay payment of basic education aid to school districts because it lacked the funds. More recently, Governor Bond ordered a five percent spending cut for public schools, colleges, and universities on top of several earlier across-the-board cuts.

New Mexico

New Mexico is characterized by its western location, rural character, small population, vast mineral resources and economic growth. Unlike many western states, however, New Mexico has a large minority population. The state's culture is largely a product of its Hispanic and Indian history. Today, these two groups comprise about 45% of the population and play an important role in state politics.

In addition to its minority residents, New Mexico politics are influenced by the large size of Albuquerque, which contains approximately one-third of the state's residents. In the 1970s, state legislators from Albuquerque, together with Hispanic and Indian representatives from the northwestern part of the state, joined forces to dominate state politics.

During this period the legislature reformed the state's school finance system, enacted bilingual and special education laws, and increased the state's support of education spending.

Education plays a major role in New Mexico politics because it is such a large share of the state budget. Disparities in property wealth led the state to assume the bulk of public school finance in the 1930s, and today there is little reliance on the local property tax for school support. Instead, the state has a highly progressive finance formula which allocates money through a foundation aid program with special weights for priorities such as early childhood, special, and bilingual education. The state does not fund a compensatory education program.

Payments from federal agencies -- such as the Bureau of Land Management, the Department of Energy, and the Department of Defense -- are also important sources of funds for education. Despite the significance of federal money, there is a reluctance to participate in federal education programs because of the uncertainty they create and the regulations they bring. New Mexico, for example, is the only state in the nation that does not participate in P.L. 94-142.

In addition to the important role of the legislature in shaping education policy, the state's appointed Superintendent of education has had a major influence on state priorities. This 17-year veteran of the office is an issue-oriented official who has survived in the state's shifting political atmosphere.

As in many states, the financing of schools remains a major concern of state policymakers. Special education finance is of particular interest -- the costs of the state's program have increased dramatically in recent years. Minimum competency for students and teachers is an important issue as well, and, as enrollments decline, there is continued concern over the desirable level of support for the state's smaller local education agencies.

New York

For most of the twentieth century New York's civic actions set the tone for state government across the nation. In the post World War II era, the state's activist government undertook expansive programs of aid for universities, mass transit, highways, and water pollution control. The state also greatly expanded assistance to localities, especially in the areas of social services and education. In the last 20 years, the loss of industry and people to other parts of the country has threatened the state's financial health. Government expansion has been replaced by retrenchment and tight budgets.

A tradition of social and political liberalism continues to dominate state government, however. Despite its financial difficulties, New York remains a high-tax, high-expenditure state, and the state has maintained its strong commitment to civil rights and education. In addition to its large program of general aid to education, New York has major programs in special, compensatory, bilingual and vocational education.

A variety of strong actors influence education policy in New York. The state's governors have historically played a major role in forming the state's political agenda. A strong legislature has sufficient staff to allow it to compete with the executive branch in designing and overseeing policy initiatives. The state board of education, the Board of Regents, is arguably the most visible, politically powerful and effective state board in the nation. The state education commissioner, who serves at the pleasure of the Regents, is traditionally very influential in education matters. The agency he heads is "well-staffed, stable, highly professional, amply funded and reputed to be a pacesetter in education,"[1] and has been called the "fourth branch of state government" by students of New York politics.

In recent years, the major education issue in New York has been the controversy surrounding the Levittown v. Nyquist litigation, a case that challenged the constitutionality of the state's system of financing education. The state education department's emphasis on testing and remediation activities indicates concern about basic skills -- an issue of major importance to the Regents since the mid-1970s. Other areas of interest to the education department include bilingual education, civil rights, youth unemployment and economic development.

Virginia

Virginia is a state in transition. The state has grown rapidly in the last 20 years and in the process has moved from a rural state heavily dependent on farming to a more industrialized state with a number of urban areas. Virginia's economy has grown with the state's population and today, despite the nationwide recession, the state fiscal picture remains fairly strong.

A tradition of social, fiscal and political conservatism colors state government. For most of the state's history, this tradition meant that public services were generally ignored. Support for education was a low priority for the parsimonious state government; one scholar has called public education "Virginia's perennial dark island."[2] A strong emphasis on local control of education dominated policy decisions. The state department of education, chief state school officers and state boards of education were viewed as ineffective or uninterested in taking leadership roles in education issues. "Massive resistance" to federal civil rights rulings was the central focus of state politics during the 1950s and 1960s.

The recent modernization of state government has dramatically changed the context of education policy. The state's 1971 constitution required the General Assembly to establish biennial statewide standards of educational quality. Because responsibility for overseeing the implementation of

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[1]Murphy, Jerome T. State Education Agencies and Discretionary Funds, Lexington, MA: Lexington Books, 1974, p. 60.

[2]Peirce, Neal R. "Virginia." In the Border South States of America, New York: W.W. Norton, 1975, p.70.

the standards fell to the state department of education, the influence of this agency and the chief state school officer increased significantly.

With the enactment of the standards of quality, the financing of education became a more visible issue in the General Assembly. In recent years, the need to increase teacher salaries to attract and retain teachers has emerged as one of the state's top priorities and has been translated into increases in state basic education aid. Other major education issues facing the state include financial assistance to urban schools, teacher competency, student competency, and the financial implications for some districts of the loss of federal impact aid funds.

Most of Virginia's state education aid is distributed through a basic foundation formula under the Standards of Quality program. The fund includes support for special education, vocational education, and remedial education. While the state constitution includes a strong anti-discrimination provision, Virginia does not have any state programs of desegregation assistance or bilingual education.

Wyoming

Wyoming is, by any measure, a very rural state. With a population of 471,000 and a land area of 92,807 miles, Wyoming has less population per square mile (4.6) than any other state in the continental United States. Before 1980, it was one of only two states in the nation without an urban area large enough to qualify as a Standard Metropolitan Statistical Area (SMSA). Despite its rural character, Wyoming is in the middle of an economic boom, fueled by rich deposits of coal, minerals (such as uranium), and oil. Not suprisingly, economic development has sparked population growth: during the 1970s the state's population grew by 41.6%.

The increase in population has proved a mixed blessing. On the one hand, the new residents have facilitated the expansion of the state's economy, and most skilled workers are readily absorbed into the labor force. On the other hand, the sudden influx of new residents has strained public services, especially education. Moreover, many of the energy workers are transient -- and their children often need educational remediation to compensate for their frequent relocation.

Government -- at all levels -- is generally viewed with suspicion in Wyoming. The federal government, which owns nearly 50% of the land in the state, is a frequent target of criticism. Wyoming's state government is viewed somewhat more favorably, but remains very small. This anti-government feeling is reflected in the state's education policies. The conservative, Republican-controlled legislature votes funding for local districts more readily than financial support for Wyoming's state education agency.

The state agency has historically exerted little educational leadership, preferring to emphasize technical assistance to local schools that request it. Monitoring by the department has increased in the wake of

federal program requirements, but local school districts jealously guard their prerogatives, and most of the SEA's power rests on its ability to persuade. The state has not developed separate state programs in the areas of compensatory or bilingual education, and offers no incentives to autonomous local school districts for pursuing civil rights programs.

Recently, concern over school finance dominates education policy in Wyoming. In 1978, the State Supreme Court declared unconstitutional Wyoming's system of financing public education. In response, the legislature approved a proposal for an increase in the state tax levy for education and a decrease in the county education levies. Wyoming citizens approved this plan in the November 1982 elections. Other important issues in Wyoming include the development of minimum competency programs by individual school districts (encouraged but not required by state law) and the continued development of the SEA's broker system to improve ties between state and local education officials.

Summary

These brief descriptions illustrate the diversity among the states analyzed in this study. Table 6 summarizes the major factors of interest and permits an easy comparison of the case states.

Table 6
Study States' Variation Along Sampling Criteria

	First Tier				Second Tier		
	State Support of General Education	Degree of State Fiscal Stress	Number and Magnitude of State Special Programs	Federal Aid as a Percent of Total Education Revenue	State Political Culture	Regional Location	State Policy Characteristics
California*	High	High	High	Low	Central	West	Pupil weighting; tax limitation (Prop.13); Large state special needs programs
Louisiana*	High	Low	Medium	High	Local	South	Large rural population; large minority (Black) population; bilingual state
Massachusetts	Low	High	High	Medium	Local	Northeast	Pupil weighting; tax limitation (Prop.2-1/2); large state special needs programs; few minorities
Missouri*	Low	High	Low	Medium	Local	Central	Urban/rural issues; low-profile SEA; private school bypass
New Mexico*	High	Low	Medium	High	Central	Southwest	Population growth; pupil weighting; non-participant in P.L. 94-142; large minority (Hispanic) population
New York*	Low	High	High	Low	Central	East	Pupil weighting; strong state role in education; large special needs populations
Virginia	Low	Low	Low	Medium	Central	Southeast	Tradition of few public services; fiscal conservatism; modernization of state government; private school bypass
Wyoming*	Low	Low	Low	Low	Local	West	Very rural state; few minorities; strong local control state

*State also studied by SRI International's study -- Cumulative Effects of Federal Education Policies in Schools and Districts.

CHAPTER III: THE MIX AND DESIGN OF FEDERAL EDUCATION PROGRAMS AND POLICIES

Introduction

Federal programs and policies in elementary and secondary education by and large seek to influence existing state and local governments to behave in certain ways to accomplish desired national objectives.[1] In education the federal government typically has avoided direct service delivery approaches, e.g., establishment of a national system of schools, and instead has chosen to exert influence through financial assistance and/or regulatory requirements attached to federal funding. The procedures and devices used by the federal government to carry out these two approaches are numerous, complex and varied. Subsequent chapters of this report describe how the states in this study responded to this complexity and variation. This chapter focuses on the federal side of the federalism equation by describing and analyzing the mix and design of federal education policies and programs that have evolved to influence the actions of state and local authorities.

We began this inquiry with what seemed a fairly simple research task: to describe and analyze federal legal requirements imposed on state and local education agencies. We quickly became aware, however, that federal legal requirements are only part of how federal policy impacts on state and local agencies and that the interaction was considerably more complex than tracing individual requirements. For example, we observed that identical federal requirements carried different weight depending on the program or policy of which they were part. Formal and informal administrative actions also define and give operational meaning to federal requirements written in law or regulation. Finally, we noted that federal, state, and local agencies frequently influence the meaning federal authorities give to certain requirements just by the reponses they make to implement them. While these influences frequently find their way into a formally rewritten statute or regulation, they also result in requirements acquiring particular meaning over time through the informal administrative arena of federal/state/local experience. We concluded, therefore, that one could learn a great deal about federal legal requirements and know very little of what obligations and expectations reached state officials from the federal level if only the formal federal legal requirements were examined.

This chapter presents our efforts to analyze federal program requirements taking into account the larger context of those requirements and their multifaceted, evolutionary nature. As a first step, we lay out a

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[1]Other approaches that rely less on existing governance units are available to the federal government to accomplish various objectives. These include loan guarantees, tax subsidies, government corporations, insurance, and direct payments to individuals. To date, however, the federal government has not elected to employ these approaches in elementary and secondary education. See Hastings, Anne H. "More Ways Than One: Federal Strategies to Equalize Access in Education and Health Care Policy." (Paper prepared for the School Finance Project), Washington, D.C.: U.S. Dept. of Education, Sept. 1981.

means of looking at federal influence as signals that transmit to state and local authorities how officials in Washington expect them to behave. We then provide an overview of the various choices that form these federal signals. Finally, we describe broad federal signals, or strategies, that have accumulated around each of the federal education programs at issue in this study.[1]

The information presented in this chapter is drawn from multiple sources: existing research on federal education policies, a textual analysis of the objectives and provisions of the federal programs, and interviews with federal program administrators.[2] Rather than depending on one source, most of our observations and conclusions derive from a combination of these sources along with our insights about how the federal policy process functions.

Signals as a Vehicle of Federal Influence

As a general rule federal education programs are not developed in a simple, straightforward manner. The Congress enacts laws that establish a legal construct of intended purposes, and procedures to achieve those purposes, but the process that results in the passage of such laws and their eventual implementation is usually tortuous and marked by the participation of many powerful players: the Executive branch (OMB, the Department of Education, individual program bureaus), interest groups, and affected recipient agencies at federal, state and local levels.[3] Passage of a law is only one step in the formulation of federal policy. Administrative choices must be made to implement policies contained in the law. While the Executive branch dominates the administrative arena, the Congress plays a significant role in these matters by conducting Congressional oversight and delineating with varying degrees of specificity how the federal bureaucracy shall manage its responsibilities. The same participants who influence legislation are active in influencing administrative decisions that bring legislated policy into reality. Finally, specific policies that emerge from both the legislative and the administrative arenas usually do not endure as the final word on federal policy. Rather, they shift and evolve both as a result of experience with program outcomes and as a consequence of the intergovernmental bargaining and

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[1]We use the term "programs" in this chapter generically to encompass the range of federal interventions in education. Programs include both civil rights policies and federal assistance efforts.

[2]The legal analysis was based on federal law and regulation as it stood prior to the passage of the Education Consolidation and Improvement Act (ECIA). References in the text to "existing law" refer to law prior to ECIA.

[3]For a discussion of how this process escalates over time, see Cohen, David K. "Policy and Organization: The Impact of State and Federal Educational Policy on School Governance." In Harvard Educational Review, Vol. 52, No. 4, Nov. 1982.

negotiation that takes place between state and local entitites affected by the policies.[1]

This federal system -- with its multiple centers of power, strong reliance on influence, and policy mutability -- does not resemble a system where commands are passed to field marshalls for implementation. Rather, the federal system produces expectations, or signals, for state and local officials regarding how federal programs should proceed in the field. These expectations are transmitted through a variety of channels -- the law itself, agency regulations and guidelines, and the actions of program officers, auditors and occasionally administrative judges. Federal signals compose the subject matter of the intergovernmental negotiation process that takes place between state and local governments and the federal government over how programs actually will be implemented.

A number of reasons lie behind our choice of the term "signals" to describe how federal policy operates. Signals imply an interdependency between the sender of the signal and the receiver. Federal agency heads, through the policies they endorse, may hold specific expectations for state and local behavior, but for a variety of reasons (e.g., garbled communications, state and local attitudes toward the policy or different opinions about the best means of accomplishing it) state government officials may interpret these signals differently. Hence, a signal sent is not necessarily a signal received. Signals indicate expected behaviors; they do not necessarily represent federal fiats. The term "signals" conveys the sense that policies are not carved in stone but likely to be transformed as they pass through the policy determination and implementation process at the federal level and as recipient governments respond to the signals sent. Finally, the metaphor captures the possibility that federal guidance and expectations can be contradictory, duplicative, inconsistent and vague.

Both the federal government and state education agencies begin implementation of any new federal program from a range of "starting positions." Because federal initiatives operate on state and local systems to alter the status quo, the federal government is the proper entity to signal the initial shape of the change desired. The federal signals communicate the degree of attention federal officials will give the program; the amount of discretion state officials can exert in areas such as program design, funds allocation, and enforcement; and how stringently state agencies will be held to account for their actions. State officials make their own response to these federal signals. In some cases they may acquiesce, while in others they may attempt to alter federal expectations through channels of influence or more formal negotiations. Chapter V discusses our findings about state responses to federal signals. The mutually affecting nature of the system bears emphasis at this point, however, because of the influence state actions can exert.

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[1]See Ingram, Helen. "Policy Implementation Through Bargaining: The Case of Federal Grants-in-Aid." Public Policy, Vol. 25, 1977; and Elmore, Richard. "Organizational Models of Social Program Implementation." Public Policy, Vol. 26, 1978, pp. 185-228.

Federal signals emanate from numerous policy choices made by Congressional and Executive branch decision-makers about the goals and objectives, legal framework, and administrative approach that a given federal program will embody. The potential for contradictory, confused or vague signals to emerge is considerable beginning with the initial step of determining a program's goals and objectives -- a step embedded in the need to establish political consensus often at the risk of semantic precision. Legal framework decisions focus on three main issue areas: (1) financial assistance, (2) regulation of recipient behavior, and (3) program and policy management. Within each of these areas decisions must be made about specific substantive matters (the what and how of federal policy) and intergovernmental roles and responsibilities (the who of federal policy). Administrative approach choices focus on: funds appropriations; emphasis given monitoring; technical assistance and enforcement efforts; and staff and tools devoted to policy implementation. Each set of decisions has the potential to refine, contradict, confuse or ignore other decisions, including those pertaining to goals and objectives.

Conceivably, every decision made in implementing a federal program constitutes a signal or expectation of some group of decision-makers. In practice, however, these numerous policy signals prove too unwieldy for use as an analytic tool. But it is possible to identify a composite of federal signals that emerges around each program or policy. This composite can be referred to loosely as a federal strategy.[1] The strategies associated with individual programs and policies and the choices leading to those strategies are the subject of the remainder of this chapter.

The Choices Composing Federal Signals

The choices that lead to federal signals emerge from a system of government composed of numerous actors, different (and sometimes overlapping) decision-making jurisidictions and important traditions of federalism. Thus, these policy choices do not merely take up where one decision leaves off, rather they are substantially shaped by the political process of which they are a part. Federal policy is never direct in its evolution.

The core of the federal policymaking process is the specific program; around this core rally the political interest groups, Congressional coalitions, and agencies charged with administration of legislated activities. Consequently, the choices surrounding each program involve a history critical to understanding their meaning and relationship to other choices. In this section we divide federal policy choices into three categories: (1) goals and objectives, (2) legal framework, and (3) administration. This categorization provides a means of looking broadly across the choices that lead to the composite signals associated with individual federal programs. We hasten to add, however, that this is an analytic approach; in practice these choices are not easily separated by category. Decisions are made in light of, in reaction to, and sometimes

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[1] We use the term "loosely" because the strategies that emerge are not necessarily the strategies individual lawmakers and policymakers had in mind when they proposed, passed, or implemented a program.

contemporaneously with other decisions. For example, an administrative choice to avoid the use of sanctions to enforce a policy can reflect disagreement over previously articulated goals and objectives, a second guessing as to the best means for achieving an objective (e.g., assistance versus regulation), or a reading that the application of such sanctions would not be endorsed by the Congress.

Choices of Goals and Objectives

Federal programs and policies are created for one or more purposes. The Congress passes laws that include statements of goals and objectives intended to drive subsequent implementation choices. Written Congressional histories often are used to amplify the goals and objectives of Congress. But many of Congress' goals and objectives remain unclear, imprecise, or unstated. As we noted in Chapter I, the purpose of Title I of ESEA was orginally ambiguous with some believing general aid was the objective and others taking a more restrictive view. Vagueness in goals and objectives may reflect the Congress' decision to delegate to others the controversial task of deciding upon the meaning of a law's objectives (e.g., P.L. 94-142's goal of a free appropriate public education). It also may reflect Congressional inattention, confusion, or simple desire to camouflage certain goals and objectives which, if clearly articulated, might jeopardize votes for the measure.

The desire of actors in the federal government to pursue certain objectives is not unconstrained -- especially in education where questions of the Constitutional authority of federal intervention has historically stirred intense debate. Decisions about federal goals and objectives automatically become intertwined with considerations concerning which, if any, federal basis exists to pursue certain goals and objectives. Federal actions in education have been based primarily on the Congress' spending power,[1] but other bases, including the power to enforce the 14th Admendment and to wage war, have been and are available.[2] The Congress' reliance on the spending power and the civil rights acts passed under the 14th Amendment reflect the strong traditions of American federalism -- traditions that view general oversight of education as a matter that, under the 10th Amendment, is left to the states.

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[1]Article I, Sec. 8 of the U.S. Constitution provides that "Congress shall have Power...to pay the debts and provide for the common Defense and General Welfare of the United States..." Tribe notes that the power to spend includes the power to make spending conditional, which is akin to the power to regulate. Federal education assistance programs are based on this conditional spending power. Tribe, L.H. American Constitutional Law, Mineola, NY: The Foundation Press, Inc., 1978.

[2]Amendment XIV of the Constitution guarantees, among other things, equal protection and due process of law to all citizens. Sec. 5 of the Amendment authorizes the Congress to enforce it through "appropriate legislation." Aspects of the civil rights laws may, for example, be more appropriately attributed to the Congress' power to enforce the 14th Amendment, than to the Spending power. Article I, Sec. 8 grants Congress the power to "...provide for the common Defense..." This power served as at least part of the basis for passage of the National Defense Education Act.

Since 1964 with passage of the Civil Rights Act, and 1965 with the Elementary and Secondary Education Act (ESEA), the Congress has chosen to undertake two overarching national policy purposes in education: the extension of civil rights and the stimulation of particular kinds of education programs and capacities. The familiar federal civil rights requirements (Title VI, Title IX, and Sec. 504) are examples of the first purpose. Compensatory, vocational, and bilingual education (as embodied in ESEA Title VII), the improvement of educational practices and resources (ESEA Title IV), and state educational management (ESEA Title V) all constitute examples of the second purpose. P.L. 94-142 is unique in representing an amalgamation of both purposes; it defines both the rights of handicapped children as perceived by the Congress, and it endeavors to foster programs to serve handicapped students accordingly.

The adoption of these broad national purposes by the federal government reflects a merger of national interests tempered by a vision of the appropriateness and constitutional authority of various federal interventions. This tension among national goals, traditional federal/state/local educational roles, and Constitutional authority appears to influence other federal choices regarding the legal framework and administrative arrangements. As we note in the subsequent section, federal interventions designed to secure civil rights rely primarily on a regulatory approach to recipients of federal aid, while actions designed to stimulate services or improvements in educational practice rely on financial assistance grants and the conditions attached to those grants to accomplish their purposes. Thus historically, if not necessarily, conceptions of federal purposes exhibit some relationship to the mechanisms ultimately chosen to accomplish those purposes.

The fact that federal civil rights policies and educational service programs use markedly different approaches should not obscure the fact that these purposes frequently interrelate. We already noted the dual purposes served by P.L. 94-142. In addition, ESEA Title I and Title VII, as well as those portions of the Vocational Education Act that focus on services for special needs students, seek to improve the educational opportunities open to groups who suffer from the effects of discrimination and whose needs traditionally have been underserved in the educational system. Similarly, the educational improvement efforts embodied in ESEA Title IV, Parts B and C, include an emphasis on special needs groups. The important distinction to note, however, is that none of these federal programs with the exception of P.L. 94-142 confers civil rights on individual students as do Title VI, Title IX, and Sec. 504.

Legal Framework

Legal framework choices focus on three issue areas: assistance, regulation and management. Once federal goals are acknowledged, federal policymakers in both the Congress and the Executive branch must determine (1) whether and how to provide assistance (financial or nonmonetary); (2) whether and how to regulate the manner in which funds are spent or services are delivered; and, (3) what management arrangements best suit the implementation of the law. The Congress ultimately resolves these

questions, although the Executive branch contributes proposals urging preferred approaches and issues regulations that carry the force of law by defining statutory provisions more precisely.

Assistance questions trigger a wide range of options. In addition to financial assistance, federal involvement may take the form of providing resources other than money for introducing state and local education officials to new ideas and sources of information (technical assistance). ESEA Title VII, for example, requires the Department of Education to publish program models to assist grant applicants in designing their programs. If financial assistance proves the preferred option, policy-makers must decide whether grants to school systems will be distributed by formula or through the award of individual project grants. ESEA Title I and ESEA Title VII are examples of formula- and project-type assistance programs, respectively.

Since all programs involve some level of costs for recipients, federal decision-makers also must determine the means for financing those activities that lead to the attainment of a program's objectives. This involves specifying intergovernmental fiscal relationships. The federal government may provide full federal funding, no federal funding, or cost-sharing with other government levels.[1] Implicit in the federal government's full funding is a decision that the costs cannot, will not, or should not be borne by most states or localities. The choice of a no-federal-funding approach in theory places the costs of services and activities on the state or local agency. Federal cost-sharing programs and policies reflect a belief that the federal government cannot, will not, or should not support all the costs of an activity, but that the federal government can stimulate the expenditure of state or local funds through the use of financial incentives for participation.

Regulation choices involve determinations of how much to rely on rules in pursuing federal goals and what types of rules to employ. Although all federal regulation in education is tied in some fashion to the provision of federal assistance (e.g., the civil rights requirements are triggered by the receipt of federal funds), regulation can occur in the absence of federal financial assistance. Three major types of rules are available to federal officials if they choose to regulate the behavior of recipient agencies: program rules, non-discrimination rules, and service mandates. Federal officials also can choose a minimal reliance on rules leaving recipient agencies discretion to decide how they will use federal assistance and the methods they will use to achieve national goals.

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[1]Full funding, no funding and cost-sharing refer to general assistance relationships. In practice full-funding arrangements usually impose some costs on recipients for activities such as record-keeping, grant application, etc. Some of these costs are reimbursed by federal funds, and others are not. No federal funding also is somewhat of a misnomer since some federal assistance has usually been available to support compliance efforts. Examples include the Emergency School Aid Act and the Title IV technical assistance centers designed to aid desegregating school districts.

The types of rules the federal government chooses contain distinct differences. Additionally, the choice of one type of regulation does not exclude the use of others. Program rules are distinct in specifying standards for recipient performance or identifying steps recipient agencies should take in designing or operating educational programs. Because output standards are so difficult to define in education, most education program rules follow the path of specifying resource inputs and procedures. Non-discrimination rules prohibit members of a protected class from being excluded from, or denied the benefits of, educational activities on the basis of specified characteristics. A service mandate ensures some level of services for designated target groups regardless of federal financial support or recipient agencies' available resources.

The final issue in the legal framework concerns the manner in which required or authorized activities will be managed. In order to ensure that local activities are designed and operated so as to accomplish federal goals, some agency must fill the role of managing and overseeing these activities. Management functions include the review and processing of local applications; the allocation of funds among eligible entities; monitoring, auditing and evaluating local programs; acting as a forum for dispute resolution; imposing sanctions; and, generally, making the array of specific operating policy decisions that arise in the course of implementation.

These managerial functions can be assigned to either the federal government (including its regional offices) or to SEAs in one of three combinations: federal-state-local, federal-local, and federal-state. The federal-state-local choice establishes the state agency in the oversight/management role, with service delivery responsibilities at the local level. Under this structure, federal funds are transferred to the SEA for reallocation to LEAs, and monitoring and enforcement obligations are placed on the SEA. The federal-local category bypasses the SEA and involves the federal government directly in transmitting funds or requirements to the local level and in supervising local programs. Finally, the federal-state approach makes the SEA instead of the local agency directly responsible for the provision of services. Additional monitoring roles for the SEA may also be required.

Table 7 depicts the major legal framework choices made by federal officials for the programs and policies in this study. The table demonstrates that the legal framework for civil rights policies differs significantly from the legal framework for educational service and improvement programs. Civil rights policies exhibit a reliance on a federal-local relationship in their management structure; they also involve a no-federal-funding approach deeming the cost of compliance as part of the recipients' side of the bargain. Not surprisingly, civil rights statutes in contrast to assistance programs rely on the use of nondiscrimination prohibitions.

Table 7 reveals other significant aspects of the legal framework choices made by federal policymakers. All the policies and programs we studied contained regulatory program rules, yet only three (P.L. 94-142, Sec. 504, and CRA Title VI Lau guidelines) employed service mandates as a

Table 7

Legal Framework Choices by Statute

	Type of Assistance						Regulation			Management Structure		
	Technical	Financial		Funding Relationship								
		Grant Type										
		Formula	Project	Full Federal	No Federal	Cost Shared	Program Rules	Nondiscrimination	Service Mandate	F-S-L	F-L	F-S
ESEA Title I Basic	X	X		X			X			X		
P.L. 94-142	X	X				X	X		X	X		
Vocational Education Act	X	X				X	X			X		
ESEA Title IV-B		X		X			X			X		
ESEA Title IV-C			X	X			X			X		
ESEA Title VII	X		X	X			X				X	
ESEA Title V		X		X			X					X
Title VI, CRA					X		X	X	X*		X	
Title IX, Education Amendments					X		X	X			X	
Section 504, RA					X		X	X	X		X	

ABBREVIATIONS:
- ESEA - Elementary and Secondary Education Act
- P.L. - Public Law
- CRA - Civil Rights Act
- RA - Rehabilitation Act
- F - Federal
- S - State
- L - Local

*The Lau guidelines establish a service mandate for limited English proficient students.

form of regulation. In addition, ESEA Title VII (the bilingual education program) stands out as unique in its design as a federal-to-local, project grant program. Finally, the table shows that Congress chose cost-sharing funding relationships in only two cases (the Vocational Education Act and P.L. 94-142); in all other programs designed to stimulate improved or innovative educational services, the federal government supports the cost of these activities.

Statutory and regulatory provisions function as program and policy "building blocks." They constitute the mechanism that the Congress and federal bureaucracy use to express their legal framework choices. The details contained in legal provisions can be an important element in the federal signals sent to recipients because they specify those decisions over which state and local agencies have and do not have control, and because they constrain federal agencies' discretion in administering a program or policy.

As part of our efforts to analyze federal requirements imposed upon the states, we conducted a textual analysis of all provisions contained in those federal programs selected for study. We categorized the provisions according to the functions they served. Nine categories of provisions emerged: qualifying conditions, funds allocation, funds targeting, program design, program operations, fiscal conditions, sanctions, and exclusion/waivers. (The Appendix provides a detailed discussion of our textual analysis of these provisions.) The nine groupings of provisions roughly translate into the three choice areas composing the legal framework. Qualifying conditions and funds allocation provisions by and large express decisions about assistance; funds targeting, program design, program operations, and fiscal conditions provisions articulate regulation choices; and program oversight, sanctions, and exclusions/waivers provisions define management decisions.

Our efforts to categorize provisions of each program according to these functional groupings reinforced the previously noted distinction that appears between the legal frameworks used in civil rights statutes and those used in educational service and improvement programs. Civil rights statutes contain few program design provisions and, not surprisingly, no fiscal conditions or funds targeting provisions. More significantly, the provisions that are used in civil rights policies define a federal-to-local blueprint for interaction; states are only tangentially relied upon to implement federal civil rights statutes, although P.L. 94-142 (due to its hybrid nature) proves an exception to this general trend.

Our analyses also revealed that while a comparison of federal provisions by functional categories highlights large-scale distinctions, it obscures important content differences. Although several programs use the same types of provisions, the substantive content of the provisions can vary significantly. For instance, with the exception of Title VII, all the federal programs designed to extend or improve educational services require a state plan or application. The intensity and scope of information contained in these documents span a wide spectrum. As one example, the Title I state plan focuses on state monitoring and

enforcement procedures; the P.L. 94-142 state plan is oriented toward the state's policies and requirements for education of the handicapped. Differences such as these intrude in every type of provision. Fiscal conditions such as non-supplant, excess costs, and maintenance of effort all vary slightly from program to program. Substantive differences in provisions may prove trivial; alternatively, they may establish major differences among programs, or they may reflect differences that are critical to the program at issue.

Administrative Choices

A law's goals and objectives along with its legal framework establish only a portion of the federal policy signals reaching state and local officials. The legal design of a program needs to be transformed into administrative actions. While the legal framework shapes the discretion available in administering a law, signficant choices remain to influence the federal signals conveyed to the states. These choices include appropriation levels, monitoring and enforcement efforts, leadership, interpretive guidance, and federal posture in carrying out functions such as the approval of plans, applications and waivers. The Executive branch dominates the administrative arena, but the Congress plays a significant role particularly in appropriating funds and in its own oversight of federal agency actions.

In resolving questions related to the implementation of a law, federal policymakers communicate important signals to state and local officials about which goals, objectives and rules will matter most. Budget levels and enforcement postures usually reflect the relative priority that federal officials assign to various programs. As a general rule, the investment of significant federal funds in a program usually brings along significant oversight by the Executive branch and the Congress. For example, ESEA Title I constitutes 48% of the current federal education budget in elementary and secondary education. This fact, along with the 15-year existence of Title I, partially explains why the program has the most extensive enforcement and audit history of financial assistance programs. Active enforcement campaigns also send a signal to recipients that "these areas matter."

Federal officials have a number of enforcement options open to them: whether to rely on their powers to approve applications (or state plans), to conduct on-site compliance reviews, and/or to emphasize fiscal audits as a means of obtaining compliance. For example, after the passage of P.L. 94-142, federal officials in HEW and subsequently the Department of Education explicitly relied on a vigorous review of state plans coupled with biannual on-site program administration reviews of each state. They were intent on avoiding conflicting signals from federal auditors and civil rights investigators. With civil rights policies, choices must be made about the substantive areas that will receive the attention of

limited compliance resources and about the appropriate approach to gaining compliance once non-compliance has been identified (technical assistance/collaboration or legal action).

Administrative choices exhibit the same multi-faceted, dynamic nature that characterizes other federal policy choices. For example, many policymakers make administrative choices: Congress decides to appropriate funds for staff to implement programs; individual offices within the Executive branch (e.g., the Inspector General's office, the Office for Civil Rights, Program Bureaus) have authority to make certain decisions about program implementation; and interest groups can be vocal and strong influences on the administrative choice process.[1] Moreover, administrative decisions change as a result of several factors: political pressure from the Congress or funds recipients; a shift in Executive branch leadership; lessons derived from previous implementation actions; and the accomplishment of initial priorities. The ESEA Title I program provides an example of how federal auditors' attention progressively shifted over a 12-year period away from an emphasis on wholesale violations involving the use of federal funds as general aid to an emphasis on investigating violations of specific fiscal provisions designed to ensure Title I funds were truly supplementary to state and local funds.[2]

Administrative choices, while constrained by the legal framework established by Congress, involve implementation issues that largely affect the signals of a program. Administrative choices can indicate a different conception of a program's goals and objectives. Choices concerning enforcement schemes and emphases can reflect a lack of shared goals beween the branches of the federal government or a modification of broad purposes to fit with perceptions of practicality and feasibility. Administrative choices also must contend with the ambiguities and contradictions emerging from previous decision-making phases of a program or policy, as well as the problems of insufficient time, resources, and leverage to implement all requirements simultaneously across 50 states and thousands of school districts.

Accumulated Signals: Strategies Used in Major Federal Programs and Policies

The range of signals that influence state and local officials to undertake actions toward meeting federal goals and objectives proves too unwieldy as an analytic tool for investigating federal obligations placed upon state governments, the major focus of this study. But over the

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[1]For a case study of this process in the civil rights areas see Levin, Betsy. "The Making and Unmaking of a Civil Rights Regulation: Language Minority Children and Bilingual Education." Stanford University: Institute for Research on Educational Finance and Governance, School of Education, March 1982.

[2]See Winslow, Harold R., Jr. Trends in Management of ESEA Title I: A Perspective From Compliance Reviews, Menlo Park, CA: SRI International, Educational Policy Research Center, Sept. 1979.

course of time the choices that lie behind federal signals combine to form what loosely can be termed a strategy. Each federal initiative embodies a strategy. This section summarizes those strategies for the major federal programs studied. These summaries do not provide a litany of all signals, but instead, focus on the combined signals that stand out as associated with each program or policy. Where a program contains a distinctive strategy, we treat the program separately; where strategies are virtually identical, we have clustered programs. Because of our focus on federal-state interactions, in all cases we emphasize the relationship of a strategy to signals transmitted to state officials.

ESEA Title I

Passed in 1965, Title I represents a federal commitment to pay the costs of projects to aid low-achieving children in high-poverty areas. Federal money is provided by formula to the local level. Contributions of state or local funds to projects are not required under the program, but are allowed under certain conditions. The content of programs is at the discretion of LEAs, but LEAs must comply with a number of fiscal conditions to ensure that federal funds are supplementary. Projects must be discrete from a school's regular program and must be targeted on particular children. Thus, many of the law's provisions specify how LEAs design programs and account for proper use of funds.

When Title I was passed, considerable confusion and difference of opinion surrounded the issue of allowable uses of program funds. Between 1965 and 1969, federal auditors examined programs across the nation, in many cases, concluding that Title I funds were being used for activities not related to special educational needs.[1] When these audit reports were publicized in 1969, the program underwent a period of administrative tightening. As a result, rules specify how state and local resources are to be allocated fairly among project and non-project schools in a district (comparability), how federal resources must be targeted on identified students in need (general aid prohibition and student selection rules), and how program funds can be used for special services which are "over and above" regular educational offerings (program design and nonsupplanting rules). Because the law leaves particular program content decisions open, program oversight has predominantly focused on these fiscal and accounting aspects of the program.

While Title I has always relied on a federal-state-local management structure, in recent years the state role has expanded beyond functions of subcounty allocations, reporting and application review to include guidance over and monitoring of local activities. Federal administration

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[1] Wargo, M. J., Tallmadge, G. K., Michaels, D.D., Lipe, D., & Morris, S.J. ESEA Title I: A Reanalysis and Synthesis of Evaluation Data from Fiscal Year 1965 through 1970, Palo Alto, CA: American Institute for Research, 1972; and Washington Research Project and NAACP Legal Defense and Education Fund, Inc. Title I of ESEA: Is It Helping Poor Children?, Washington and New York: Author, 1969.

of the program has relied on a complex weave of on-site program reviews, audits conducted by the Inspector General's office, and informal management devices such as program evaluations and interpretive letters clarifying recipients' questions. For a variety of reasons, federal audits have stood out as the central administrative device of the program. Federal auditors' interpretations of various Title I fiscal requirements and Title I program officials' interpretations are considerably inconsistent, causing federal management of the program to be criticized as vague and confusing.[1] The handling and resolution of federal audit findings have been rated "extremely poor."

ESEA Title IV

ESEA Title IV, Parts B and C, were also fully federally funded programs.[2] Part B provided funds to LEAs for books and instructional materials. SEAs had to distribute funds to LEAs on an enrollment-based formula that included a state-developed equalization factor for local tax effort and for children whose education required the expenditure of higher-than-average costs. SEAs awarded Part C funds to LEAs for innovative or exemplary projects in areas that they established as statewide priorities. The SEAs were obligated to fund Part C projects by an "equitable" competition among LEAs. Fiscal conditions were much less extensive than those attached to Title I, the major requirement calling for localities to maintain the same level of non-federal resources supporting the federal program as in prior years.

Both Parts B and C appeared in the original ESEA of 1965 as Titles II and III, respectively. They were consolidated into a new Title IV in 1974. While Part B's rules limited the amount of regulation the SEA could impose on participating LEAs, the traditional state role in regulating textbooks influenced what LEAs in fact chose to purchase with program monies. The seeming contradiction that states use Part C to fund innovative and exemplary LEA projects based on an "equitable" competition required that SEAs assist smaller or poorer LEAs in developing their proposals for funding. At least 15% of Part C funds had to be allocated to serve handicapped children.

The SEAs were major actors in the Title IV program choices. While their discretion was somewhat limited in general, states were allowed

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[1]National Institute of Education. Title I Funds Allocation: The Current Formula, Washington, DC: National Institute of Education, 1977.

[2]We refer to Title IV and Title V in the past tense because the Education Consolidation and Improvement Act of 1981 collapsed both programs into the Chapter 2 block grant; therefore, they no longer exist as identifiable programs.

major say over who recieved funds and the ways in which funds were used. Federal administration of Title IV proved consistent with this latitude allowed the stater. Federal auditing was conducted, but the review of state plans and applications, site visits, annual conferences, and responses to telephone inquiries constituted the major administrative tools used by the federal government to oversee the program.

ESEA Title V

ESEA Title V, also part of the original ESEA package, was a program of grants to SEAs that was intended to strengthen the management resources of those agencies. Program funds were accompanied by very few strings, and the list of authorized activities in the statute did not preclude other uses. In our categorization, Title V represented a fully federally funded endeavor because states did not have to match or contribute any specific funds of their own to qualify for funding. But since the program essentially involved a federal government contribution to the costs of upgrading and operating state education agencies, federal funds did extend state support for SEA activities. SEAs determined what activities would be funded by Title V, and only had to relate their uses to the purposes of strengthening agency resources and helping to meet "critical educational needs" in the state.

Title V's passage in 1965 reflected a general concern about the capacity of SEAs to undertake the significant administrative responsibilities imposed on them by the various programs of ESEA. Federal administrators of Title V initially viewed the grants as a means for SEAs to "plug in" funds to meet a particular need, and then "unplug" them as needs were met or functions were taken over by state money. However, the uses of Title V grants never really conformed to this idea, and particular functions tended to receive ongoing support. Because the Congress never significantly modified the program, Title V was a major source of relatively unfettered dollars for SEAs.

ESEA Title VII

Enacted in 1967, ESEA Title VII, the Bilingual Education Act, provides project grants to LEAs for the establishment of bilingual education programs. LEAs apply directly to the federal government for the competitively awarded project grants. Title VII conforms to a fully federally funded approach to stimulating the provision of innovative services because districts are not obligated to contribute additional funds until the federal grant terminates. Recipient LEAs must develop plans for taking over the programs when federal funds expire, normally after five years.

The law and regulations are highly specific regarding the design and content of projects the federal government is willing to fund. The law requires that only bilingual education programs be supported. These are defined as instructional programs relying on English and, to the extent

necessary to acquire English proficiency, the students' native language. Since the law was first enacted, the goals and objectives of the Title VII program have been an issue of continuous debate within Congress. Debate centers on the appropriate instructional approach for limited English proficient students, student eligibility, and the discretionary-project-grant design of the program. While the program is designed as a demonstration program with a reliance on discretionary local grant awards, in actual practice Title VII funds operate as service-support awards to districts.[1]

The state management role required by ESEA Title VII is minimal. SEAs are given the opportunity to review LEA proposals to the federal government but have no formal authority to approve or disapprove them. SEAs are also eligible to receive special Title VII grants (up to five percent of the amount of all Title VII grants within the state) for statewide coordination of technical assistance activities. Other than these aspects, Title VII functions on a federal-to-local basis. Because of the minimal state role, federal administrative oversight of Title VII at the state level is relatively nonexistent.

Vocational Education Act

The Vocational Education Act (VEA) is by far the oldest of the federal programs included in this study; its roots reach back to the 1917 Smith-Hughes Act. Federal cost-sharing under VEA is accomplished by requiring that federal funds be matched dollar-for-dollar with state or local funds. In practice, states overmatch the federal dollars, making the federal proportion of total funds for vocational programs relatively small. The VEA program requires extensive state-level planning intended to help mesh vocational training with current and emerging job needs. SEAs must set aside specified percentages of the federal allocation for activities to serve postsecondary (15%), handicapped (10%), disadvantaged and limited English proficient students (20%). The Act also requires special efforts, including the appointment of a state-level coordinator, to reduce sexual stereotyping and discrimination in vocational programs.

Federal cost-sharing in the form of VEA's matching requirement was added to provide an incentive for increasing state and local financing of vocational programs. For most of its 65-year history, the federal VEA placed few restrictions on the use of funds, and those restrictions dealt primarily with the types of skill training to be undertaken (e.g., agriculture, home economics, industrial arts). Major change in the program began in the 1960s, when the Act was amended twice to de-emphasize the traditional training categories in favor of a focus on coordinating course content with the results of required state planning procedures. Congress changed the formula for distributing funds to reflect concentrations of low-income families and established set-asides for special

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[1] Reisner, Elizabeth. Delivery of Educational Services to Federally Identified Target Groups: A Comparison and Analysis of Current Approaches, (Paper prepared for the School Finance Project), Washington, DC: Department of Education, Oct. 1981.

needs populations. The 1976 amendments made this change in program focus more pronounced as Congress sought to correct perceived problems in the areas of within-state funds distributions, planning, and sexual stereotyping. At the same time, SEA responsibilities were expanded, and federal administrators were directed to take a more activist approach to program management. Thus, since the 1960s, the federal government has sought to alter the character of the federal/state vocational education system that it had designed 65 years earlier.

In contrast to ESEA Title VII, the vocational education program emphasizes a strong state role. States are charged with developing long-range plans, devising formulas to allocate funds, designating funding uses, reporting relevant data to federal officials, and monitoring local compliance. Federal administration of the program has become fairly assertive in the wake of criticism in the 1976 Congressional reauthorization hearings that the program failed to achieve federal objectives for special needs students.[1] Federal officials rely on a combination of plan reviews, technical assistance, and on-site monitoring visits to ensure improved state compliance. But federal implementation of the vocational education program has been fraught with inconsistent and ambiguous interpretations concerning what state officials must do. The elements required in state funds distribution formulas have proven particularly troublesome, afflicted by statutory ambiguity and unintended distributional outcomes.[2] In addition, federal officials have been criticized for adopting an overly technical emphasis in their administrative approach -- an emphasis that has overlooked accomplishing the broader purposes of the law.[3]

P.L. 94-142

The Education for All Handicapped Children Act, better known by its public law designation, P.L. 94-142, entitles every identified handicapped child to a free appropriate public education in the least restrictive environment. The specifics of this entitlement are described in the individualized education program (IEP) that must be developed for each child. Procedural safeguards and appeals mechanisms are required for identification, assessment, placement and re-evaluation decisions.

The Act provides funds to assist states and districts in providing special education services to all identified handicapped children.

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[1]National Institute of Education. The Vocational Education Study: The Final Report, Washington, DC: National Institute of Education, September 1981.

[2]For example, see Hartle, Terry W. Implementation of the Funds Distribution Provisions in the Vocational Education Amendments of 1976, Washington, DC: Educational Testing Service, 1981.

[3]Vocational Education Study: The Final Report, Op. cit.

Because federal funds share in off-setting the cost of meeting the educational needs of handicapped children, the program qualifies as a federal cost-sharing arrangement. But the low level of appropriations relative to those authorized in statute and the cost resulting from the service mandate have resulted in sharp criticism of this approach to federal cost-sharing.[1]

Between 1965 and 1970, federal involvement in special education operated on existing state and local programs through the provision of financial assistance aimed at expanding and improving those efforts. Then, in the 1970s, a series of court decisions established handicapped children's right to a public education and to the protections of due process in placement and programming.[2] These civil rights concepts were introduced into federal law in 1974,[3] and then fully incorporated with the passage of P.L. 94-142, in 1975. While P.L. 94-142 ensures handicapped children's rights, states are not obligated to adopt the procedures unless they accept financial assistance from the program. However, because P.L. 94-142's definition of rights is reiterated by the Sec. 504 regulations, which cover any recipient of federal funds, P.L. 94-142's specification of rights extends beyond the immediate assistance provided by the program itself.

The P.L. 94-142 strategy is unique in several respects. First, as we have noted, the program spans both civil rights entitlements and financial assistance purposes. Hence, the program contains both legal mechanisms for enforcement and administrative sanctions for misuse of funds. Second, the program requires states obtaining assistance from P.L. 94-142 to adopt laws or binding policies entitling handicapped children to a free appropriate public education in the least restrictive environment. No other federal education program obligates states to adopt federal law as state law. Finally, P.L. 94-142 places SEAs in a complex role of enforcing civil rights protections (at the state as well as the local level), managing a federal assistance program, creating new or augmented state programs for handicapped children, and addressing the fiscal implications of these responsibilities.

Federal administration of P.L. 94-142 has primarily emphasized a rigorous initial review of state plans prior to funding and biannual on-site program compliance reviews. Federal officials also gather statistical information from the states and review complaints about

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[1]Federal appropriations at their highest level only covered approximately 12% of the additional costs of educating handicapped children.

[2]See, especially, Mills v. Board of Education, 348 F. Supp. 866 (DDC 1972); and PARC v. Commonwealth, 334 F. Supp. 1257 (ED Pa 1971), 343 F. Supp. 279 (ED Pa 1972).

[3]P.L. 93-380, the Education Amendments of 1974, established a policy of handicapped children's right to a free appropriate public education and required states to set as a goal the achievement of full educational opportunities for all handicapped children and to develop timelines and procedures for meeting this goal.

program violations as part of an on-going process of reapproving state plans. Although P.L. 94-142 draws the second highest appropriation in the federal elementary and secondary education budget, in contrast with ESEA Title I, federal audits have been used sparingly as a tool for achieving federal influence over state and local behaviors.

Civil Rights Laws

Three statutes, Title VI of the Civil Rights Act, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973 prohibit discrmination in federally assisted programs on the basis of race/national origin, sex, and handicapping condition, respectively. We have grouped these laws together because they were patterned after each other in design and operation: they do not provide financial assistance to accomplish their purpose nor do they rely on state officials for implementation.[1] The laws' regulations drawn up by the Office for Civil Rights detail the kinds of activities that are prohibited or required, and require the recipients (state and/or local agencies) of federal funds to file assurances of compliance as a prerequisite to their receipt of those funds. Instances of non-compliance discovered through the investigation of complaints or the conduct of compliance reviews (both by the federal Office for Civil Rights, a branch of the U.S. Department of Education) must be remedied by the state or local recipient. The costs, if any, of remedying violations must be borne by the offending agency. Periodically, monies are available to assist these agencies. For example, Title IV of the Civil Rights Act and the Emergency School Aid Act (ESAA) support agency efforts to come into compliance, and OCR's budget includes technical assistance monies which are used similarly. Nonetheless, since the application of the laws is based on an agency's receipt of other federal monies, the costs (if any) of coming into compliance are deemed part of the recipient's side of the bargain.

The federal government largely bypasses the states as an administrative entity in the pursuit of the civil rights objectives embodied in these programs.[2] While the states have some record-keeping, reporting,

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[1]A noteworthy distinction separates the federal Title VI race discrimination rules from the Lau guidelines (extending protections to limited-English-speaking students) and Sec.504 accessibility rules. The latter requirements establish an educational service mandate for students falling within those categories. Title VI discrimination rules do not impose a similar across-the-board mandate.

[2]For a general discussion of the state role in civil rights enforcement see Larson, M.A., Winslow, H.R. et al. Finding the Common Denominator: The Capacity of State Agencies to Assist the HEW Office for Civil Rights, HEW Contract OEC 300-76-0025, Menlo Park, CA: SRI International, September, 1979.

and assurance-filing responsibilities, they typically are not obligated to play any major role in complaint resolution or enforcement. While both Title IX and Sec. 504 regulations provide for some SEA involvement by requiring state-level compliance coordinators, their responsibilities are not major adjuncts to federal compliance investigation and resolution. Relatedly, the Office for Civil Rights through Title VI regulations does require SEAs to adopt "methods of administration" of federal assistance programs to ensure nondiscrimination and compliance with federal regulations. With the exception of the vocational education guidelines, however, these requirements have never been stressed as a matter of agency policy. Consequently, federal civil rights policies establish few formal roles and responsibilities for states in general, or SEAs in particular.

Summary

This examination of the strategies embodied in federal education programs uncovers two important aspects of the mix and design of the federal role. First, the six federal service programs we studied each possessed a unique strategy. While certain federal programs could be categorized as giving SEAs considerably more discretion than others (vocational education and ESEA Titles IV and V), as requiring minimal SEA involvement (ESEA Title VII), and as mounting an activist enforcement effort (ESEA Title I and P.L. 94-142), each program embodied distinct differences in its focus, legal design and administrative structure. The individuality of each program is a function of history, interest group support, and program purpose. It suggests that most programs are coherent entities as they move from the federal to state implementation arenas.

Second, several federal programs show evidence of inconsistent and ambiguous program signals associated with their development and implementation. Vocational education and ESEA Title VII have suffered from shifting consensus about their goals and objectives and the most appropriate instructional and procedural requirements for reaching these goals. Within the administrative domain, ESEA Title I has experienced criticism for conflicting guidance about fiscal requirements relating to the supplemental purpose of federal aid. These areas of inconsistency and ambiguity are likely to hold implications for the ways states interpret and respond to federal signals.

CHAPTER IV: THE STATE POLITICAL AND INSTITUTIONAL CONTEXT FOR EDUCATION POLICY

Introduction

Federal policies are administered within the broader context of each state's education policy arena. Thus, a major focus of this study was to determine how different state political and institutional environments influence state administration of federal and state programs for special needs students. This chapter describes the political environments in which state education policies are formed and the organizational settings in which state and federal education policies are administered in the eight case states. The impact of these contextual factors on program administration is analyzed in Chapter V.

We were also interested in how federal policies have changed the state political environment and the institutions responsible for implementing them. Some federal programs we studied sought explicitly to improve the organizational capacities of state education agencies (e.g., ESEA Title V); others were less concerned about broad organizational improvements and aimed at building state-level capacity to manage specific program mandates. Additionally, we wanted to evaluate a frequent claim that federal policies alter political power in the states by creating new constituencies or strengthening interest groups already there.

Our findings are strutured around four questions: (1) Who are the major state actors concerned with state and federal programs for special needs students? (2) Have federal education policies altered political power in the states? (3) How have the capacities and functions of state education agencies changed over time and how much of this change can be attributed to federal programs? (4) Have the objectives and activities sponsored by federal programs been institutionalized at the state level?

This chapter does not describe the political environment or the operation of SEAs in the individual states.[1] The findings reported here focus instead on patterns that emerged from an analysis of eight diverse states. We emphasize commonalities, but document differences. In those cases where our findings confirm, or contrast with, those of other researchers, we reference the appropriate studies.

State Political Environments

In this section we look at the major actors in state education policymaking: legislatures, interest groups, governors, state boards of education, and SEAs. We analyze, across the eight states, their involvement with education issues in general and with special needs groups in particular, giving special attention to any influence that the federal role exerts. We also discuss state fiscal conditions and the extent of state financial support for education.

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[1]An overview of the political environment of each of the case-study states is presented in Chapter II. The individual case studies, included in Volume II of this report, provide additional detail on the structure and operation of each state's education policy arena.

State Legislatures

The 1970s witnessed a dramatic increase in legislative involvement in state education policymaking. Financial issues, the changing nature of education politics and strengthening of the legislative institution itself contributed to this development. Lawmakers began "to exercise control over the design, funding, implementation and assessment of education in their states."[1] Our study examines the extent to which this expanded involvement affected state and federal programs for special needs students. Our discussion of the role of state legislatures in education policy in the eight study states centers on two general questions: (1) How much interest do state legislatures have in education and in what policy areas? (2) How much do state lawmakers influence the state administration of federal programs?

State Legislatures and State Education Policy. We found that state legislatures typically pay substantial attention to education finance, especially in states that have been involved in school finance reforms. Programmatic education matters, however, draw significantly less attention from state lawmakers.

In some states, such as California, Massachusetts, New Mexico, and New York, the legislatures took a great deal of interest in education during the 1960s and 1970s but now show a marked reduction in enthusiasm. Conditions unfavorable to the growth of elementary and secondary education, such as declining enrollments and fiscal constraints, have recently made education a relatively unpopular issue among most politicians rather than one upon which they can build political reputations.[2] The difficulties associated with desegregation have also made equal opportunity an especially controversial and politically unpopular topic in many states. As a result, membership on education committees generally is not sought actively.

Legislators still do pay attention to the allocation of state aid to education. Education typically represents a substantial part of the state budget. For example, education spending is 50% of New Mexico's total budget, and the Missouri legislature is constitutionally required to spend 25% of that state's budget on education.[3] With high financial stakes, legislative leaders give their personal attention to education funding issues. New York is illustrative: while most education matters

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[1]Rosenthal, Alan, & Fuhrman, Susan. Legislative Education Leadership in the States, Washington, DC: Institute for Educational Leadership, 1981, p. 1.

[2]These findings are similar to those reported in Rosenthal and Fuhrman. Op. cit.

[3]Nationally, an average of 30 to 35% of a state's budget is devoted to elementary and secondary education. McDonnell and McLaughlin. Op. cit.

are handled by education committees, the legislative leadership and the powerful appropriations committees determine the formula for education aid, which represents 25% of the state's expenditures.

The non-fiscal educational issues that have attracted the most interest of state legislatures in recent years are "basic skills" and accountability. These issues are commonly addressed through a mandate for competency testing, sometimes accompanied by a requirement for remedial services. The legislatures in Louisiana and Missouri have voted to require such testing; the Virginia legislature mandated the development of tests but allows districts to choose whether to use the tests. A related policy of testing teachers was initiated in the New Mexico legislature, while California has several state programs for improving basic skills and assessing teacher accountability.

Legislative recognition of special needs groups in education varies among states. While some states have done little more than set up programs for students served under P.L. 94-142, other states have more extensive histories of enacting programs for special needs groups. The legislatures in California, Massachusetts, and New York, for example, enacted programs for special needs pupils in response to strong state-level interest groups and SEA initiatives. Support for these programs may be weakening, however. While the programs have not been the subjects of recent votes, staff in the California and Massachusetts SEAs said they were no longer sure the legislatures would take strong stands for the programs if put to the test.

Civil rights initiatives are not part of the current legislative agenda in any state we visited. In states that previously passed civil rights laws (California, Massachusetts, and New York), there is little eagerness to elaborate these policies further.

State Legislatures and Federal Education Programs. State legislators and their staffs are usually aware of the existence of programs that have active interest group backing, such as P.L. 94-142 or vocational education, and programs that provide large portions of local school district budgets, such as Title I in Louisiana, but they have very limited knowledge about the nature and substance of the programs. Their interest is likely to be expressed in sweeping ways, like the Wyoming legislature's consideration of a move to decline P.L. 94-142 funds because of the perceived regulatory and reporting burden. Other federal programs, such as the smaller ESEA programs, are likely to be unrecognized by state legislators and their staffs.

The general pattern of unfamiliarity with federal initiatives was not altered by the fact that most state legislatures must reappropriate federal funds.[1] In our states, reappropriation of federal education

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[1]Legislatures in 43 of the 50 states have at least some formal procedure for appropriating federal funds after they have been received at the state level. Seven of the eight states in our sample appropriated federal funds either on a lump-sum or program-specific basis. The exception to this pattern is New Mexico. Yondorf, Barbara, & Benker, Karen. "Block Grants: A New Chance for State Legislatures to Oversee Federal Funds." (Legislative Finance Paper No. 15), Denver, CO: National Conference of State Legislatures, 1982.

funds seems to be essentially an informational device for the legislature or a tool to be used when it suits a legislative purpose. The result is a distribution of funds that simply follows the federal formulas. In general, it appears that reappropriation is largely a pro forma exercise because few legislators ever hear from their constituents about the federal programs; the programs are small in relation to other items in a state budget; and, most large federal programs are formula driven from Washington. All in all, legislators believe that there is little political credit to be gained from dealing with federal programs, either by championing them or by overseeing them.

The one area where state legislatures potentially have an impact on the administration of federal programs is staffing. As federal funds are reduced, SEAs can either lay off staff or seek state support for federal program administrators. Legislatures generally view their state departments of education with some suspicion. While they may have good relations with the chief state school officer, they distrust the bureaucracy. The large number of federally supported staff in most SEAs probably does not enhance their popularity with state legislatures. The New Mexico legislature, for example, has given teeth to its "opposition to the department running after every federal program" with a recent policy of refusing to make up for any loss of federal funds. Louisiana and Massachusetts legislators expressed similar views.

Still, while legislators reported their opposition to picking up the tab for SEA activities that were initially supported with federal funds, in some states their actions belie their words. For example, in Louisiana, Massachusetts, New Mexico, Virginia, and Wyoming, SEA staff have been shifted from federal to state support over the past few years. In some cases, however, SEA managers have accomplished this by arranging budget requests so that the legislature was asked to support only the staff of politically popular federal programs, such as vocational education.

Interest Groups

The configuration of special interest groups in a state is an important determinant of that state's political environment. In most states, interest groups representing the students targeted by federal education programs are loosely organized, uncoordinated, and not consistently active over time.[1] In all states, education legislation is sometimes supported by groups whose primary focus is not education. Urban lobbies, for example, have supported compensatory or remedial programs in California, New York, and Missouri. Hispanic groups have lobbied for bilingual education as part of a broader agenda of social issues.

Two different patterns of interest group activity were evident in our states. Groups may constitute a sustained, stable presence, or they may be organized around a special effort to win passage of a particular state law.

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[1]Six of the eight states fit this pattern; California and Massachusetts were exceptions.

Teachers' organizations and urban district lobbies often fit the first pattern, that of sustained activity.[1] Several of the advocacy groups for special needs students work in this way in California and Massachusetts as well. In the other states, however, advocates for students with special needs tend to fit the second pattern: they often organize their efforts around particular legislative proposals; once a law is passed, its advocates may lapse into a latent force in state politics. Groups representing handicapped students have commonly followed this pattern outside of California and Massachusetts.[2] Hispanic groups in California, New Mexico, New York and Massachusetts pushed hard for the passage of state laws pertaining to bilingual education but have been only sporadically active since. Advocates for civil rights were not a visible force in any of the state capitols.

The limited role of interest groups representing special needs students at the state level may reflect the fact that these groups concentrate their efforts at the local or federal levels. Title I parent groups are a clear example of this pattern; they lobby Congress or their local school boards, not their state legislatures. Similarly, in Wyoming, interest groups focus on the local level because the state plays a limited role in education funding and policymaking. In two states, interest group controversy at the state level has been partially defused by the inclusion of special pupil weightings in state education aid formulas. New Mexico enacted such a formula in 1974 and now finds that the groups pressure the state for a high base allocation, then compete at the local level for shares of the funds. In the same vein, Massachusetts interest groups reportedly were brought into greater harmony at the state level by the passage of a weighted aid formula in 1978.

We found little evidence that the federal education programs per se were a major force in the establishment of interest groups at the state level. Rather, groups promoting services to special needs students at the state level seem to exist as part of the general political climate -- the same climate that led to the federal-level legislation. Federal program funds have, however, helped support these groups. Title VII has strengthened advocacy of bilingual education in some states, and federal funds may have helped advocates for the handicapped in forming communication networks.

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[1]The state aid formula is often hammered out in contests between urban and rural interests. In Missouri, stalemates between these interests recently impeded the allocation of extra funds for education. California, where big city interests are strong, has a state compensatory program that gains substantial support from this interest group.

[2]This statement does not imply that handicapped groups become inactive in state politics. They monitor proposed changes in state laws and regulations closely and activate their lobbies when necessary. However, we did not find these groups maintaining offices in state capitols and participating in a broad range of education issues as do organizations representing teachers, school boards and school administrators.

Federal programs are not a focal point for education interest groups. Notably, teachers' unions, which are the strongest education lobby groups in most of our states, rarely concern themselves with federal programs. This presumably reflects the lack of state legislative activity related to federal programs, and it helps perpetuate legislative apathy toward the programs.

Governors

Governors have the potential to be powerful actors in state education policymaking, but few chose this role. In only one of the eight states, Virginia, has the governor recently played a major role in state education affairs. In 1982, Governor Charles Robb proposed an increase in basic state aid to increase teacher salaries, and the legislature authorized an increase of 11%.

Governors in several other states have taken a more general interest in their state's educational system. In Louisiana, for example, education was one of Governor David Treen's campaign issues in 1979. However, Treen has not taken action to change the structure of education programs, and his most recent budget included only slight funding increases. Former Governor Hugh Carey urged the New York legislature to increase education funding significantly, but his proposals met a cool reception.

In all of the states, however, the governor has little or no involvement with federal aid to education. Governors' concerns with education have little if any relation to the existence of a federal role in education or to the substance of federal education programs.[1] We did not detect any evidence that governors or their staff feel that their policymaking authority has been preempted by federal programs. Instead, they seem in general to be mildly positive about federal aid for education but uninterested in launching their own initiatives for similar purposes.

State Boards of Education

Although state boards of education can have long-term policy effects through decisions such as the choice of chief state school officers (where they have that power) and the establishment of the state's educational priorities, they generally exercise little authority over the day-to-day substance of state education policy. (Chief state officers, however, do not dismiss the importance attached to retaining the good will of state board members.) We found the state boards in our sample typically uninvolved in federal education programs. Their role in one state was described as "rubber stamping" the program plans for federal programs, and this appeared common in other states as well. Similarly, in states other than New York, the boards -- whether elected or appointed -- have initiated relatively little activity surrounding programs for special needs students.

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[1] It is instructive to note that in 1982 the nation's governors proposed taking back all responsibility for education if the federal government would take responsibility for welfare programs.

The New York Board of Regents, however, is a major force in that state's policies for special needs students. For example, in 1978 they mandated remedial services for students with low scores on statewide tests, and their emphasis on basic skills has increased the SEA's efforts in testing and remediation. They have also supported major programs in bilingual education and civil rights.

SEA Leadership and the State Political Environment

Typically, the dominant actor in a state's education politics is the chief state school officer. The chiefs in all our states are well-respected by the legislature even when the SEA bureaucracy is distrusted.[1] In California, for example, Wilson Riles had strong legislative allies dating from the mid-1960s when he was a middle manager in the department. Missouri's chief has developed an extremely good relationship with the legislature, based on his consensus-building political style.

In some states, the chiefs work very closely with interest groups. The past chief in Massachusetts was very responsive to the advocacy groups for special needs students, while he also cultivated good relations with the legislature. Wyoming's chief was elected with strong support from the teachers' organization (of which she was an active member). The chief in New Mexico, too, has been responsive to the state's interest groups.

In two of our study states, the chiefs appear to have independent power bases that enable them to deal with both the legislature and the interest groups from positions of relative strength. New York's chief has considerable authority due to his and the Regents' unusually broad constitutional powers. For example, he has, and has used, the authority to order desegregation in local school districts. The chief in Louisiana is respected in that state's political system for his campaigning skills, his ability to maintain congenial political relations, and the patronage resources he commands.

Whatever the political strengths and alliances of an individual chief, they appear to be influenced only slightly by the federal government. The existence or design of federal programs has not often been a focal point for the chief's interactions with legislatures or interest groups. One indirect result of the federal presence is notable, however. Several states (California, Massachusetts, Missouri and Virginia) have used their Title V funds to increase their capabilities in data collection and analysis, with the result that legislatures have increasingly turned to these SEAs for information on such matters as the effects of changes in the state aid formula.

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[1]This was not always the case in some of our states. Respondents in the Campbell and Mazzoni study reported that Max Rafferty was less concerned about relationships with the state board of education, the legislature, or the governor, than his successor. In Massachusetts, Commissioner Anrig's predecessor was frequently seen by legislators as "chastizing them." Campbell and Mazzoni. Op. cit., pp. 166-167.

State Fiscal Conditions

Economic conditions in a number of states and, in particular, fiscal difficulties in the public sector have affected adversely the political climate in which education policies are developed. Five of the eight states studied were facing varying degrees of financial difficulties when we were in the field, while three (Louisiana, Wyoming, and New Mexico) were not. Tax and expenditure limitations, such as those in California and Massachusetts, are manifest in hiring freezes and in staff reductions. Especially when accompanied by declining enrollments and rising costs, tight financial conditions detract from political interest in education. Because both federal programs and services for special needs students are typically considered supplementary to other educational operations, strained fiscal conditions can have an adverse effect on political attitudes toward them. Nonetheless, we did not find during our field work that these factors resulted in reductions in state funding of state special needs programs in our states.[1]

State Education Agencies As Organizations

In many respects, SEAs are peculiar organizations. They sit in the middle of the intergovernmental education policy system without a clearly defined role. The federal government is an intervenor and assistor; local school districts are the primary service providers. SEAs are at once the supervisors of public education in their states and the delegated administrators of federal initiatives. Their size and functions are determined largely by factors beyond their control -- funds and requirements from federal legislation, the courts, and their own legislatures. Their actions are affected by the social and political pressures in their environment. Because of this setting, SEAs are generally reactive organizations. They are not necessarily passive, however. Particularly in the larger states, SEAs negotiate their responses to the demands placed on them and, in the process, often modify them and inject new demands into the political system.

In the 1950s and early 1960s, state education agencies were much smaller organizations than today with functions limited primarily to curriculum, textbooks, and certification. With the advent of the Elementary and Secondary Education Act (ESEA), SEAs were assigned new and expanded administrative responsibilities. Federal officials, concerned that state agencies were inadequately prepared to play a significant role in this new intergovernmental partnership, took several steps to strengthen

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[1] In a recent study of state special needs programs in six states, investigators found that the two most fiscally distressed states in the sample -- Michigan and Minnesota -- had cut state funding for all special needs programs, and the former state had decreased service controls through temporary rules. Milne, Anne M., Moskowitz, Jay, & Ellman, Fran M. Serving Special Needs Children: The State Approach, Washington, DC: Decision Resources, 1982. We did find, however, that SEAs in two of our most stressed states -- New York and Missouri -- were faced with cuts in state-funded, as well as federally funded, administrative positions.

SEA capacities.[1] Title V of ESEA funneled millions of relatively unfettered dollars to SEAs to assist in the improvement of state leadership and planning, to strengthen the states' information and statistical services, and to enhance state research and development capabilities.[2] In addition, those federal programs involving SEA administration set aside a portion of their funds for SEA operating costs.[3] (In 1981-82 states were allocated 1.5% of their Title I allocation, 20% of their vocational education aid and five percent of the state's federal special education aid to support program administration.)

As a result of both these federal actions and state influences, the capacities of SEAs changed dramatically over the past 15 years. This section examines (1) changes in SEA size and staffing, (2) changes in SEA structure and function, and (3) the impact of these increased capacities and new functions on relationships between state and local education agencies.

SEA Capacities: Size and Staffing

SEAs have grown substantially over the past 15 years, with most doubling in size over.[4] Some of this expansion would have occurred without federal involvement, since states generally assumed an increased role in education programs during that era. Much of the growth, however, clearly is attributable to federal funds. This is demonstrated by the fact that federal funds now support roughly 50% of the SEA staff

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[1]Bailey, Stephen K., & Mosher, Edith K. ESEA: The Office of Education Administers a Law, Syracuse, NY: Syracuse University Press, 1968.

[2]Murphy, Jerome T. State Education Agencies and Discretionary Funds, Lexington, MA: Lexington Books, 1974, pp. 2-6. Murphy notes that while the law listed examples of the kinds of activities eligible for funding, and SEAs were required to submit project applications to USOE describing how they would use these funds to strengthen agency leadership resources, the SEAs were able to spend the money as they wanted.

[3]The Education Consolidation and Improvement Act reduced the Title I (Chapter 1) administrative set-aside to one percent.

[4]In our sample states, it was virtually impossible to obtain figures on number of staff that are comparable across years. Some figures include staff in state schools and libraries, some include consultants, and others do not. Historical documents do not clarify these distinctions. Moreover, few SEAs can easily identify which positions are supported by federal funds, both for the past and the present. Hence, our data for these topics are quite general. Milstein found in a nine-state survey that the increase in the number of professional personnel in these SEAs ranged from 54% (Minnesota) to 226% (Alabama) between 1962 and 1968. Milstein. Op. cit., p.15.

in the states; the percentage in our sample ranges from a low of 40% to a high of 60%. These figures were even higher a few years ago before several of our states took steps to reduce the number of SEA staff supported by federal funds.

Federal funds support a variety of positions within SEAs. Not surprisingly, units created specifically to administer federal programs, such as the Title I office or the Title IV office, are totally supported by federal program dollars. Federal aid also funds positions in special education and vocational education -- already existing units in most SEAs whose functions were expanded by federal requirements. The extent to which program staff are supported by federal rather than state funds varies considerably across SEAs. For example, the special education staff in Wyoming are all supported by federal funds because there was a minimal state role in special education prior to federal mandates. In Massachusetts, however, where the state had a program of its own, federal funds support only 58% of special education personnel.

The types of activities and staff supported by Title V funds vary across states, reflecting individual SEA priorities. For example, this aid was used in California and New York to support statewide testing programs, in Wyoming to initiate a "broker" system to assist districts in solving problems, and in Missouri to enhance SEA management and data processing capabilities. These were not all-inclusive activities. Several states devoted a portion of their Title V funds to providing services for improving instruction in local school districts, and most supported a mixture of the activities listed above.

During the 1950s and early 1960s SEAs were often characterized as retirement homes for superintendents. Respondents in several of our states noted that their SEAs often attracted rural superintendents close to retirement age or those in trouble with local boards of education.[1] SEAs were also viewed as "curriculum helpers," oriented to aiding districts improve the substance of their general education programs. Most technical staff were curriculum specialists, many of whom were supported by federal National Defense Education Act (NDEA) funds.

As SEAs expanded their staffs, a new breed of chief state school officer and staff emerged. The "new chiefs" tended to be more progressive,

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[1]A 1967 report summarized the background of SEA personnel in this manner: "The most obvious generalization which can be made in summarizing our analysis is that the professional personnel in each of the states we studied comprise extremely homogeneous groups. These State Departments of Education are largely composed of men who have lived their lives in the rural areas of the states they serve; who have gone to State teachers' college and perhaps the State university; who had begun careers as professional educators, generally in rural schools, before entering the department; and who had been invited to join the department by another member of the State Department of Education." Kirby, David J., & Tollman, Thomas A. "Background and Career Patterns of State Department Personnel." In Campbell, Roald F., Sroufe, Gerald E., & Layton, Donald H. (eds.). Strengthening State Departments of Education, as cited in Berke & Kirst. Op. cit., p. 388.

more sophisticated, and possessing broader interests than previously had been the case. For example, the chiefs in California and Massachusetts brought to their superintendencies extensive experience in administering federal special needs programs. Virginia's current education commissioner had been head of a large and sophisticated school district in that state. The new staff are often younger, with professional backgrounds outside of local education agencies (lawyers, psychologists, evaluators), and tend to be generalists rather than tied to particular subject areas. One chief characterized these new staff members as "more creative and long on education but short on experience."[1]

SEAs attracted these new leaders and staff despite offering lower salaries than local school districts -- particularly large districts. The attraction can be attributed, at least in part, to the new federal role which not only provided funds to support new positions and activities but also brought a new mission to the SEA -- a mission of equity. Two state level trends, concurrent with the increasing federal influence, also contributed to the attraction of new staff. First, many states were assuming a larger share of education funding as equity issues influenced school financing. Second, SEAs were affected by the general growth in the professionalization of state government discussed in Chapter I.

Structure and Functions

Structural changes in SEAs are difficult to isolate and analyze. SEAs, like other bureaucracies, change their shape in response to what is asked of them, who is leading them, and a myriad of other immediate pressures. By and large, major structural changes, though influenced by federal requirements in part, have been more a result of SEA leadership and priorities than of federal programs. For example, reorganization of the California SEA during the 1970s reflected Superintendent Wilson Riles' philosophy and internal pressures to improve departmental management.

In spite of large differences in size across our sample (from Wyoming's SEA with a total staff of 105 to New York's with a staff of nearly 1,000), there are strong structural similarities across SEAs. They tend to have from two to six major divisions, depending on whether special education and vocational education are separate units or part of a larger instructional division. In either case, both special and vocational education organizationally are distinct from the other program areas and from the regular program. A few SEAs operate regional offices, but there was little evidence of federal influence on the operation of these offices.

Federal influences are more evident in the kinds of activities that SEAs now conduct. Before the mid-1960s, SEA activities were primarily

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[1]Murphy has characterized this new breed of state administrators as "activist problem solvers" who tend to be client-oriented professionals, rather than subject matter specialists. Murphy, Jerome T. "The Paradox of State Government Reform." The Public Interest, Summer 1981, p. 127.

curriculum development and assistance to LEAs, often in the form of curricular guides. Even then, much of the curriculum development and dissemination was supported by federal funds through NDEA. All of the SEAs we studied are now involved in a variety of functions that many did not perform 15 years ago: monitoring, technical assistance and research and evaluation. While some of these activities were conducted by the larger SEAs before the federal government began to encourage them, most states reported that federal support was the instigating force. Importantly, federal programs not only required many of these activities for the first time, they also provided the funds to support the staff needed to carry them out.[1]

Federal programs also taught states how to conduct these activities. For example, Title I regulations provided a model for the administration of New York's state compensatory education program. Respondents in New Mexico noted that their Education Standards/Indepth Review system borrowed heavily from federal planning, evaluation and monitoring activities. Many of these models, however, were not developed solely by federal staff, but through a series of interactions between state and federal officials. In some cases, activities in the larger and more progressive SEAs predate the development of federal regulations and guidelines and serve as models for federal administrators; civil rights monitoring in Massachusetts and Title I evaluation in California are two examples.

Federal funds and requirements led to another new activity for SEAs -- lobbying the federal government to influence both the legislation and funding of programs and the regulations and guidelines issued by the executive branch. The money and regulations accompanying federal programs provided both a need to influence federal decisions and the resources with which to do it. This statement is primarily true for New York, Massachusetts and California, where the combination of political power, state agendas, and political sophistication has been reflected in intense lobbying for resources and rule changes that benefit those states. Much of this influence has been exerted informally through contacts between state and federal program staff. For example, SEA administrators in New York negotiated directly with senior federal program staff over problems arising from that state's merger of Title I and its state compensatory education program. Lobbying has also been directed at congressional staff to influence the creation of new enactments, the shape of legislative changes, and budgetary decisions. This lobbying occurs through both state and Washington-based staff as well as through direct contact from the chiefs. For example, the 1978 Amendments to the Elementary and Secondary Education Act are referred to by some as "The California Title I Relief Act" because they contain changes strongly urged by the California SEA. The New York SEA/Board of Regents sends an annual report to Congress highlighting a number of issues related to federal program structure and funding.

These lobbying activities indicate that at least some SEAs anticipate and seek to influence federal actions rather than merely react to them. As competition for resources intensifies at both the federal and state levels, this lobbying capacity is likely to be used by SEAs in an effort

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[1] These particular activities have had a major impact on the relationships between SEAs and LEAs and are discussed in detail in the second part of this section.

to influence their own legislatures. For example, the New Mexico SEA, fearful of its dependence on declining federal funds, has begun lobbying its legislature for state support of federally funded staff positions.

Relationships with Local Education Agencies

We have shown above that SEA capacities changed significantly in terms of the number and types of staff and the kinds of activities they conduct. The most dramatic shift was that of emphasis -- from curriculum to monitoring and procedures. This shift has had a major impact on the relationships between SEAs and LEAs, generally increasing SEA control over local behavior. Relationships between SEAs and LEAs differed across states prior to federal involvement and the degree to which these relationships changed also varies in terms of the amount, the areas in which SEA authority has increased, and the relative influence of federal and state factors on these developments. Below we discuss the three SEA functions which have had the largest impact on SEA-LEA relationships: monitoring, technical assistance, and uses of data.

Monitoring. Federal programs require SEAs to monitor local activities, a function which was unusual for SEAs prior to 1965. In addition to requiring monitoring and providing funds for the staff needed to accomplish it, federal programs also provided models for how to monitor and gave SEAs leverage in areas in which they previously had little or no authority. For example, P.L. 94-142 enabled the Louisiana and Wyoming SEAs to increase their compliance activities in special education. The Vocational Education Act Amendments of 1976 assisted SEA staff in getting local school districts in New York and Wyoming to address sex equity issues and local districts in Missouri to provide vocational education services to economically disadvantaged students.

Although the federal influence on increased monitoring activities is certainly powerful, state forces also shaped both the emphasis placed on monitoring and the extent to which monitoring is used in areas other than the federal programs. In all states, pressure for accountability has increased both from the public and the legislature, particularly as the state share of education funding increased.[1] Our states are not exceptions. In addition, SEA goals and priorities, as well as traditions of state control and local autonomy, influence how and the extent to which, monitoring is conducted.

During the 1970s, many of the states in our study expanded their monitoring functions to areas beyond those required by federal programs. In some cases, states elaborated federal monitoring requirements. For example, California monitors all federal and state programs at the school

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[1] Odden, Allen, & Dougherty, Van. State Programs of School Improvement: A 50-State Survey, Denver, CO.: Education Commission of the States, August 1982, p. 4.

level (in contrast to the district level) in far more detail than the federal programs require. Massachusetts monitors all local activities to ensure compliance with state and federal civil rights laws. In other cases, SEAs establish state standards or priorities for local districts and review local actions in light of these requirements. For example, districts in Virginia are reviewed against that state's Standards of Quality, which set general requirements in 12 areas for local districts. New Mexico's Education Standards cover virtually all aspects of elementary and secondary education, from curriculum to teacher preparation. Each district undergoes an indepth review of each standard on an item-by-item basis every six years. Even in Wyoming, with its strong tradition of local autonomy, the SEA has taken steps to influence local behavior through the development of curriculum and minimum competency guides. However, the SEA does not review districts; rather, the models are presented as examples to be followed if desired.

Most of these activities, from compliance monitoring of federal programs to reviews of districts against SEA priorities, resulted in increased SEA authority over districts. They have also made the SEA-LEA relationship more legalistic and adversarial. In fact, from the local perspective, SEAs are often seen as "policing agencies." Some of these shifts would likely have occurred without federal involvement, but the combination of federal requirements and models for monitoring, and federal support for necessary staff, have had a substantial impact.

Technical Assistance. Delivery of technical assistance to LEAs is a traditional SEA role. But, federal program requirements influenced the types of assistance that SEAs now provide. Technical assistance for curriculum improvement or adoption of new programs or instructional approaches is not common in the states we studied. Rather, much of the assistance pertains to procedures: how to evaluate a program, or how to meet the legal requirements of particular programs (e.g., how to determine eligibility for Title I). SEAs also provide advice to districts on ways to improve financial, school and instructional management processes.

It is difficult to determine whether the level of technical assistance provided to local districts changed in recent years for two reasons. First, the phrase can refer to any of a broad range of activities. All SEAs view themselves as providing technical assistance; some of these activities are perceived by districts as assistance and some are not. Second, although many district staff to whom we spoke believe that their SEAs provide less instructional or curricular assistance than in the past, we had no way of measuring the extent to which SEAs formerly provided this type of assistance. Given the common characterization of SEAs in the past as retirement homes, instructionally oriented technical assistance that went beyond the dissemination of curriculum guides to districts may never have been a major function in most SEAs.

Although technical assistance does not directly increase the authority of SEAs over LEAs, the fact that such assistance is often related to implementing required procedures and meeting other legal requirements,

which will then be monitored for compliance, puts technical assistance in a new light. Such assistance is now more closely aligned with SEA monitoring than with helping districts improve their instructional programs, a reflection of the SEAs' growing authority in the educational system.

Uses of Data. SEAs have greatly increased their collection and uses of data as a result of federal programs. Prior to the enactment of ESEA, few states engaged in systematic research or evaluation activities.[1] The Title I evaluation requirements provided a stimulus for state activity in this area. Although evaluation activities were stimulated by federal requirements, some movement in this direction would have occurred as part of the general trend toward accountability, which is typically assessed by quantitative measures.

In most of the study states, evaluation activities are restricted to the federal programs that require them.[2] A few SEAs have research and evaluation units that perform functions apart from federal programs. For example, New York and California conduct research, evaluation, and testing projects in a variety of areas -- from the influence of television viewing on test scores to evaluations of state-funded programs. The evaluation unit in Louisiana conducts their state-wide testing program and houses a number of smaller projects such as legislative development and dissemination activities. States without evaluation activities beyond those required by the federal programs tend to be those with traditions of strong local autonomy. This is not surprising since the information base that evaluation provides gives SEAs the potential to exercise greater control over local school districts.

Summary

We have seen that in the last 15 years, SEAs have become larger and more complex organizations. The functions assigned them by federal programs and new state laws have increased SEA authority as well as their responsibilities. An unintended consequence of this shift is the creation of a more legalistic relationship between the state and local school districts. Even in states with few state mandates (e.g., Missouri,

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[1]New York is the exception in our sample: it has a research and evaluation unit that predates Title I. An OE review of ESEA Title I in the first year of its operation found that 37 states lacked evaluation techniques, and 38 lacked sufficient qualified evaluation personnel. U. S. Department of Health, Education and Welfare, Office of Education. The First Year of Title I, Elementary and Secondary Act of 1965, as cited in Milstein. Op. cit., p. 41.

[2]A number of states have expanded their data collection activities, but do not use this information to evaluate local programs. For example, Missouri requires all 8th grade students to take a statewide basic skills test, but local districts may use the results in any way they choose. Wyoming uses federal program and student data (data traditionally not collected by the SEA) to help SEA staff identify common educational needs across the state.

Wyoming, and Louisiana), increased state authority is the subtle byproduct of SEA staff spending more time in the districts, the ability and authority to generate information about local district programs, and generally greater knowledge about how to comply with federal regulations. In the final section of this chapter, we explore the likelihood of these new organizational arrangements surviving in the face of a changing federal role.

Institutionalization of Federal Policies

In 1965 state government was regarded as a "roadblock across the highway that leads to the future."[1] Seventeen years later an informed observer wrote, "virtually all 50 states today are strong enough entities to take on almost any program the federal government might hand over to them."[2] This writer questioned, however, whether the states have the political will to take on many of the federal government's social programs.

In this section we discuss first the likelihood of SEAs maintaining their existing capacity to administer special needs programs. Then we assess the extent to which states have institutionalized programs and policies for special needs students as evidenced by state adoption of laws consistent with federal laws; state funding of activities or services analogous to those supported by federal programs; or state-level political support for the services or target groups addressed in federal programs.

We should note that because federal programs for special needs students have been in place for a number of years, advocates for these students and administrators of these programs have not needed to look to state governments for all of their support.[3] If, as appears likely, federal education support continues to decrease, political activity related to special needs students at the state level presumably could increase. While it is impossible to predict whether such efforts would be successful, we can assess how easy or difficult it would be to build support for equity-oriented education programs in the states by looking at the current institutionalization of these programs' purposes.

SEA Capacity and Functions

The multifaceted nature of SEAs and the diversity that characterizes them make their future difficult to predict. As federal funds decrease,

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[1]Martin, Roscoe. The Cities and the Federal System, New York: Atherton Press, 1965, p. 45.

[2]Peirce, Neal. "New Federalism Fosters 'Greening' of States." PA Times, March 1, 1982, p. 2.

[3]Special education advocates and personnel constitute a partial exception to this generalization because of their historic reliance on state funding to support special education programs and early efforts to seek stronger state laws protecting handicapped children.

SEAs will undoubtedly decrease in size -- a trend that has already begun. Some SEAs have turned to their legislatures to support positions previously dependent on federal funds. This is obviously more likely to succeed in states with sound fiscal health. Even in these states, however, there have been, and will continue to be, staff reductions. Most SEAs operate under a civil service system[1] and hence fear that the staff let go will be the younger, more creative workers who were attacted to SEAs over the last decade. Regardless of the type of people who leave, SEAs will most likely have fewer people to conduct various activities.

Apart from reducing activities because of limited staffing, it is unclear which activities SEAs will continue in the absence of federal requirements. Have the new functions and capacities (such as research and evaluation) developed over the last 15 years become institutionalized, or will they disappear if the requirements and funds to conduct them diminish or vanish? The simple answer is probably some of both. Functions that are supported by federal funds and do not affect state education programs are likely to disappear; for example, research and evaluation activities in Missouri and civil rights activities in California.[2] In addition, functions that are dependent upon current staff size will be severely curtailed. Monitoring and review of local activities, for example, requires a substantial investment in personnel and cannot be conducted effectively without it.

It seems unlikely, however, that all of the SEAs' newly developed functions will be dropped. It is likely that SEA staff have been socialized in using these new processes for state program administration. In several states, the staff in charge of state special needs programs were formerly, or worked closely with, federal program administrators in their SEAs.[3] Even those states where SEAs limit functions such as monitoring and evaluation to federal program offices, and which have strong local autonomy, show evidence of new ways of doing things. For example, New Mexico's Educational Standards and Virginia's Standards of Quality reflect a new stance toward school districts that will persist with or without a strong federal role.

Programs for Special Needs Students

The extent to which federal special needs policies have been institutionalized in the states clearly varies from state to state and from

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[1]Prior to this year, Louisiana's SEA constituted an exception to this pattern. Recent legislation has now placed SEA employees in the state civil service system.

[2]Staff in the California Office of Intergroup Relations are shifting their emphasis from issues of desegregation to those of school violence in response to the changing state political climate.

[3]Decision Resources' study also found that, in many instances, federal program administrators "became state experts on services for special needs groups and, later, the personnel responsible for administration of state programs." Milne et al. Op. cit., p. 26.

federal program to federal program, but we conclude that institutionalization is generally quite limited. The strongest indicator of a state's commitment to a special needs program is the existence of a state mandate to serve special needs students. Table 8 identifies those states that currently mandate services for each special needs group.

The only group of special needs students provided for by laws in all eight of the states is the handicapped. This broad scale institutionalization of a federal purpose reflects two causes: the federal requirement that state laws must conform to the provisions of P.L. 94-142, and the strength of the advocacy groups representing the handicapped in most states. In three states in our sample, California, Massachusetts and New York, these groups succeeded in gaining strong state laws prior to the passage of P.L. 94-142. Still, in the absence of federal requirements, these laws might not survive in their current form. Each of these states currently is experiencing a backlash against the cost and the regulatory complexity of services for the handicapped. For most states, though, federal funds and mandates appear to continue as an incentive for maintaining laws that conform to the federal law. But, Wyoming, a state not currently experiencing fiscal difficulty, considered not participating in P.L. 94-142, and New Mexico does not.[1]

Other special needs groups have had more spotty success in winning passage of state laws guaranteeing them special educational services. California and Massachusetts mandate the provision of bilingual education services; New Mexico and New York have laws that provide strong incentives for school districts to provide these services. In all four of these states, advocates were able to build legislative coalitions strong enough to pass the laws. In Massachusetts and New Mexico, however, a more conservative tenor in the current state legislatures might make the outcome different if advocates were seeking similar legislation today.

Compensatory or remedial programs are on the books in California, Missouri, New York, Virginia, and Louisiana; services are mandated in the latter three states. Only California's program targets funds primarily on the basis of poverty as Title I does; the other programs base funds distribution on some measure of achievement.

The long-standing goals of federal involvement in vocational education -- maintaining and expanding programs of vocational training -- are evident in all eight states. The state laws do not, however, contain provisions comparable to the set-asides for special needs groups that appear in the federal law.

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[1]Even in New Mexico, which does not participate in P.L. 94-142, the special education law, regulations, and requirements are quite similar to P.L. 94-142. This similarity appears due to the state's initial plans to participate in the federal program and to several years of litigation contesting the state's compliance with Sec. 504 regulations.

Table 8

State Mandates of Services to Special Needs Populations

State	Compensatory Education	Special Education	Bilingual Education
California	no	yes	yes
Louisiana	yes	yes	yes[1]
Massachusetts	no	yes	yes[2]
Missouri	no	yes	no
New Mexico	no	yes	no[3]
New York	yes	yes	no
Virginia	yes	yes	no
Wyoming	no	yes	no

[1]A second-language program is mandated within any school in which 25% of the parents petition the Board of Education.

[2]In LEAs with 20 or more limited-English-speaking (LES) pupils per language group.

[3]However, the state constitution stipulates that the legislature is to provide training for teachers to become proficient in English and Spanish so that they may teach Spanish-speaking students.

Four of the eight states in our sample (California, New York, Massachusetts and Wyoming) have statutes virtually identical to Title VI of the federal Civil Rights Act, covering any program receiving financial assistance from the state. Massachusetts and New York are the only states in the sample to have state laws prohibiting discrimination specifically in education. Other states have some civil rights legislation; for example, Missouri prohibits racial discrimination in the use of state education aid to fund teachers' salaries; New Mexico's constitution explicitly forbids discrimination against citizens of Hispanic ancestry. Only in the Massachusetts and New York SEAs, however, did active efforts exist to enforce these state policies.[1]

Turning from laws to funding, we find still less evidence that, with the exception of special education, federal purposes have been institutionalized in the states. Table 9 shows state and federal contributions to the major special needs programs. All the states are spending considerable sums on education for the handicapped, but these expenditures are essentially driven by service mandates rather than taking the form of discretionary spending.

In compensatory and bilingual education, the federal government supports most of the costs. The exceptions to the patterns of low-state discretionary funding for these special needs students are California and New York. California spent $181 million on its Economic Impact Aid program which combines compensatory and bilingual/English as a Second Language (ESL) services. (This compares with a state Title I/Title VII budget of $349 million.) New York's remedial program, Pupils with Special Educational Needs (PSEN), had 1980-81 expenditures of $150 million compared with Title I expenditures of $282 million.[2] Massachusetts has a small categorical program for districts that are desegregating, and it seems to be unique in having funded the federal vocational education set-asides without reluctance. Nonetheless, even in states with special programs, federal spending for special needs groups clearly exceeds state spending.

Political support for special needs groups is neither broad nor deep. As discussed earlier in the chapter, these groups are not a current interest in most state legislatures. Compensatory or remedial programs in

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[1] See Larson, Meredith A., Mandel, Thomas F., Mogin, Bert, & Winslow, Harold R., Jr. Finding the Common Denominator: The Capacity of State Agencies to Assist the Hew Office for Civil Rights, Menlo Park, CA: SRI International, Educational Policy Research Center, September, 1979. These investigators observed, "Although there are clear exceptions, SEAs are likely to rely heavily on persuasion, indirect sanctions, and continued involvement. From their perspective this strategy preserves the working relationship between them and the LEAs, and allows the SEAs to use the possibility of more drastic federal actions (court orders or withholding of funds) to inspire districts to make their peace with the state agency." p.57.

[2] More recent budget trends indicate state expenditures are increasing, while federal expenditures are decreasing in this state.

Table 9

State and Federal Aid for Special Needs Pupils

	Special Education Aid		Compensatory Education Aid		Bilingual Education Aid	
	State[1]	Federal[1]	State	Federal	State	Federal
California	$641,093,142	$80,682,971	$180,638,267[2]	$321,900,000	$14,800,000[3]	$27,206,254
Louisiana	110,343,505	17,219,123	4,263,449	90,500,000	1,200,000	1,791,711
Massachusetts	NA[4]	28,472,613	0[5]	68,300,000	19,300,000[6]	2,416,107
Missouri	56,493,204	22,157,645	8,184,573	54,200,000	0	0
New Mexico	38,241,350[7]	0	0	26,200,000	2,428,100[7]	3,419,739
New York	240,320,000	46,195,074	150,000,000	282,300,000	1,910,000	21,511,134
Virginia	47,422,894	21,595,057	9,524,258	66,200,000	0	471,928
Wyoming	28,000,000	1,884,857	0	3,500,000	0	375,000

NA = Not available.

[1]Federal aid is 1981 appropriation; state aid is for 1980-81.

[2]Includes funds to provide special services to LES/NES children.

[3]Included in compensatory education aid. Number is an estimate for 1979-80 (ECS).

[4]Aid is allocated in the operating aid formula through student weightings and is not broken out. Additional funds ($14.8M) are appropriated for private schools and special education transportation expenses outside of the operating aid formula.

[5]Additional funds are generated by AFDC weightings in the operating aid formula but are not earmarked for compensatory programs.

[6]Estimate for 1979-80 (ECS).

[7]Estimated.

Sources: State figures were compiled from SEA data and conversations with SEA administrators. Figures for federal compensatory education aid were drawn from Stanfield, Rochelle L. "'If It Ain't Broke, Don't Fix It,' Say Defenders of Compensatory Aid." National Journal, January 30, 1982. Figures for federal bilingual education aid were compiled from U.S. Department of Education. Department of Education Grant and Procurement Report, EO2, Washington, DC: the Department, October 20, 1981. Figures for P.L. 94-142 funding were supplied by Frumboluti, Carol. Personal communication, February 1982.

New York, California, and Virginia seem to survive due to strong coalitions of districts, rather than the support of legislators who want to target funds to students with special needs. In most states, the traditional education interest groups do not actively promote federal purposes. This job is left to organizations representing the urban interests, and in some cases Hispanic groups. Governors and state boards of education are very seldom strong sources of political support for special needs students. Chief state school officers are always important education policymakers and appear to be the primary supporters of federal education programs. In only a few cases, however, have the chiefs advocated effectively federal objectives in the state political arena.

In sum, the purposes embodied in federal programs for special needs students are not well institutionalized at the state level in most of the states in our sample. Building a strong base of political support for these purposes would take a great deal of effort especially in light of the strained fiscal conditions facing most states. In addition, major reductions in federal support of SEA activities may well leave the states not only unwilling, but unable, to assume federal education programs.

CHAPTER V: THE ADMINISTRATION AND INTERACTION OF FEDERAL AND STATE EDUCATION PROGRAMS

Introduction

The federal education programs examined in this study send a mix of signals to the states about their role in implementing specific federal policies. As we noted in Chapter III, the states are assigned varying roles depending on the federal program in question. In programs designed to foster and improve educational services, the federal government depends greatly on the states to administer the programs according to federal specifications. In programs designed to extend civil rights in education, the federal signals assign few, if any, state administrative functions.

Available evidence suggests that the states exhibit great variability in the performance of their assigned administrative responsibilities, some functioning as mere funding conduits, others adding requirements of their own to federal programs, and some declining participation in the program altogether.[1] Evidence in the civil rights field indicates mixed interest and activism among the states in performing roles in concert with federal efforts in these areas.[2] While variation in state response appears a given, little research has explored how states respond[3] across a mix of federal programs, and why they behave the way they do.

States obviously do far more than administer federal programs; they establish and, to varying degrees, support the broad array of general and special education programs offered in the states. Federal programs typically operate at the margins of these educational activities, but federal programs have the potential to influence and shape state education policies. In fact, some federal strategies like P.L. 94-142 explicitly require states to refashion their state policies to conform with federal specifications.

In this study we were interested in examining (1) how the states discharged their administrative responsibilities across the variety of federal programs, and how those actions affected the translation of federal policy; (2) how federal programs and related state programs

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[1] See Berke, Joel S., & Kirst, Michael W. Federal Aid to Education: Who Benefits? Who Governs? Lexington, MA: Lexington Books, 1972; Goettel, Robert J., Kaplan, B.A., & Orland, Martin, E. A Study of the Administation of ESEA, Title I in Eight States, Syracuse, NY: Syracuse University Research Corporation, October 1977; and McDonnell, Lorraine, & Pincus, John. Federal Aid to Education: An Intergovernmental Perspective, Santa Monica, CA: The Rand Corporation, 1977.

[2] Larson, Meredith, Mandel, Thomas F., Mogin, Bert, & Winslow, Harold, R., Jr. Finding the Common Denominator: The Capacity of State Agencies to Assist the HEW Office for Civil Rights, Menlo Park, CA: SRI International, Educational Policy Research Center, Sept. 1979.

[3] One exception is McDonnell, Lorraine M., & McLaughlin, Milbrey W. Education Policy and the Role of the States, Santa Monica, CA: Rand Corporation, May 1982.

interacted administratively: (3) how federal education programs affected the states' management of the educational enterprise; and, (4) how much of intergovernmental policy and program conflicts is attributable to federal education programs. This chapter discusses the results of our investigations based on an analysis of the eight states in our sample.

State Administration of Federal Programs

We found that states vary considerably in their administrative response to federal program signals and that this variation emerges from the interaction of federal program signals with elements in the state environment. Each federal program we studied showed some degree of variation across the eight states we visited. Individual states even varied their responses to different federal programs operating in their state. The types of responses states made were noteworthy. In several cases, state officials elaborated program requirements. States also adopted different orientations toward federal program monitoring responsibilities and toward participation in programmatic or policy areas with no prescribed state role. We call this latter behavior "opting" behavior, indicating a state's voluntary decision to play an administrative role in a program.

We identify three broad factors as equally critical elements in the interaction producing states' differential administrative treatment of federal programs:

- o federal signals,
- o state political traditions and climate, and
- o SEA managerial and programmatic priorities.

As Chapter III discussed, federal signals include the broad array of messages that the federal government sends to states and districts about what behaviors are expected of them. Federal signals include the legal framework of a program as well as the choices the federal bureaucracy makes in its administration.

State political traditions and climate refer to a complex set of factors composing a state's political environment. This set reduces primarily to the populace's views about the proper relationship between central government agencies and local authorities -- in the vernacular, "local control." It also includes a range of other attitudes about fiscal spending, social norms, and public services that shape people's sense of what constitutes appropriate government policy.

SEA managerial and programmatic priorities, while part of the state political climate, deserve attention as a separate factor influencing state administrative behavior primarily because they shape the organization responsible for carrying out federal policies. These priorities refer to an SEA's or chief state school officer's (CSSO's) explicit programmatic agenda (e.g., basic skills competency, career awareness, management by objectives, etc.) as well as the unarticulated agenda which drives an

organization and is most frequently discernible through the organization's actions (e.g., political survival, organizational leadership, etc.).

The manner in which federal signals, state political traditions and climate, and SEA managerial and programmatic priorities combine is neither simple nor predictable largely because they interact, change over time, and have complex meaning. These three broad factors frequently influence one another. For example, an SEA is very unlikely to move in a direction antithetical to a state's political climate although lore holds that in some instances it has happened.[1] Similarly, although critics believe that federal policy signals are developed in a vacuum, as we demonstrate in Chapter III they usually emerge from the Congress and the bureaucracy as part of a political process of influence and negotiation, where many players including states and SEAs are active.

The factors shaping state response also are dynamic. Federal signals can and do change, sometimes abruptly. For example, the recent Education Consolidation and Improvement Act in an unexpected stroke reshaped the Title I requirement that schools with Title I programs have comparable educational programs to non-Title I schools. This requirement had been the subject of heated controversy for states and districts for almost a decade.[2] State political traditions and climate, while in some respects more durable than federal signals, can also change over time. The forces that passed Proposition 2 1/2 in Massachusetts to limit local property taxes were interpreted by our respondents as representing a new, more conservative tone in Massachusetts politics. SEA priorities may shift with the appointment of a new chief state school officer, the influx of new staff, or the assumption of new responsibilities.

Beyond these levels of complexity lies the reality that each of the three broad factors shaping a state's administration of federal programs takes on specific meanings, or nuances, which prove critical to interpreting a state's administrative arrangements. These nuances are extremely important to comprehend both at the federal and individual state levels. Chapter III described the composite signals transmitted from different

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[1] What appears to be at issue here is the SEA's and CSSO's ability to maintain a delicate balance between their own agenda and the political forces prevailing in the state. A too activist stance in a state with strong anti-central government values or with a legislature with different political preferences often upsets the balance. For example, the former commissioner of education in New York, Ewald B. Nyquist, ran afoul of this equilibrium with his rulings in behalf of school desegregation. As a result, the legislature "decided to teach (him) a lesson" by cutting SEA staff positions. See "Interview with Ewald B. Nyquist." Educational Evaluation and Policy Analysis, Vol. 2, No. 6, November-December 1980.

[2] Instead of computing measures documenting comparability, under ECIA districts now only need to have "a policy to ensure equivalence among schools in teachers, administrators, and auxiliary personnel...."

federal programs and underscored the need to look beyond the legal or regulatory provisions to explore how these provisions were interpreted, enforced, and emphasized as part of the program as a whole. Relatedly, while scholars of educational governance have categorized the states with respect to local control norms, we found more significance in knowing the particular meaning of local control in a state. Attaching labels such as strong or weak local control to a state proves insufficient for interpreting state administrative behaviors. Even SEA priorities have shades of meaning that are important to capture. Most SEA priorities on the surface sound remarkably similar, but a more intensive review often reveals the character and significance of these priorities as substantially different.

A few illustrations indicate how important these nuances become in state efforts to administer federal programs. For example, federal signals though seemingly similar result in important differences. Most federal programs require that federal funds supplement and not supplant state and local funds for designated activities. These provisions strive to ensure that federal funds do not replace existing or potential state and local sources of support for target group students. The history of ESEA Title I is replete with policy disagreements about how to interpret the non-supplant requirement and with audit exceptions finding non-supplanting violations. In most of the states we visited (particularly Virginia, Missouri, Louisiana, and New Mexico) these requirements significantly influenced state administration of the Title I program. As a result, Title I frequently functions as a separate program with restrictive specification about program content (i.e., reading and math only). In contrast, state administration of P.L. 94-142, which also contains a federal funds non-supplanting prohibition, rarely was influenced significantly by the non-supplant provision. Only in Massachusetts has the non-supplanting question even arisen as a temporary issue in the SEA. We attribute the differential influence of these two requirements to three important differences between the programs: (1) slightly different statutory wording (the P.L. 94-142 non-supplant requirement applies to past levels of spending, while the Title I requirement endeavors to regulate funds that would have been available in the absence of Title I); (2) different program contexts (P.L. 94-142 contains a service mandate that virtually overwhelms the fiscal strings attached to the program, while Title I has no service mandate); and, (3) different federal-to-state funding ratios (P.L. 94-142's federal funding contributions are meager relative to state funds; Title I reverses this picture).

The nuances associated with local control quickly become apparent when we consider Wyoming and Massachusetts. Both states share a reputation as strong local control states, but local control has distinctly different meanings in each state.[1] Wyoming reflects a strong bias against any

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[1]Wyoming and Massachusetts ranked last and third from last respectively in Wirt's 1972 school centralism scores for the states. Wirt, Frederick. "Does Control Follow the Dollar? Value Analysis, School Policy, and State-Local Linkages." Urbana, Ill.: University of Illinois, 1972. Wirt's measures are dated, and the scores assigned these two states might differ if they were assessed today. Nevertheless, respondents in both states repeatedly emphasized how influential local control norms were in their states' politics and governance of education.

form of central governmental action. The norm of "rugged individualism" makes both federal and state involvement in education policy suspect. The SEA adapts federal programs to this political environment by adopting a low profile toward federal monitoring requirements and emphasizing the agency's function of providing support services to districts. On the other hand, Massachusetts' definition of local control extends primarily to district control over instructional decisions and a heavy reliance on locally raised revenues. The strong tradition of an active state role is interpreted as controlling instructional decisions. Consequently, in spite of strong local control norms, Massachusetts has aggressively administered most federal education programs for special students as part of a larger state equal opportunity mission.

SEA priorities often sound alike but translate into quite different missions, which influence state administration of federal programs in different ways. For example, SEAs in both Louisiana and New York have established basic skills competency as a major priority. Louisiana's efforts include a phased-in competency examination coupled with summer remedial instruction for students who fail the exam. This remediation program (which is just beginning) has relatively little instructional relationship to the state's Title I program. New York's basic skills priority also includes a remediation mandate for any student failing the state's competency examinations. However, unlike Louisiana, the institution of the remediation mandate in 1978 brought with it an administrative merger of the state's compensatory instruction program (PSEN) and the federal Title I program. Districts now file a unified application for these programs indicating how they will provide remediation to all students falling under the mandate.

Federal and state factors shaping state administration of federal programs exhibit comparable degrees of strength in operation. As a general rule, federal program signals do not straitjacket state administration, nor do state political traditions and SEA priorities completely determine the administrative behaviors of state agencies vis-a-vis federal programs. We base these conclusions on two patterns:

- Some federal programs exhibited notable administrative and programmatic consistency across the states. Programs that show the greatest variation are generally those that allow states the greatest discretion in program administration.

- Some states exhibited consistent patterns in the way they administered all federal programs. Other states, however, administered their federal programs in considerably different ways.

These patterns indicate that neither federal signals nor state factors totally dominate state administrative arrangements. In particular programs or states, one factor may outweigh the others, but neither federal nor state factors consistently dominated the states' administration of federal programs.

We found the greatest similarity across states in their administration of three federal programs: Title I, P.L. 94-142, and vocational education set-asides for special needs students. Title I was typically elaborated by the states in the areas of program content and management (e.g., reading and math only), strongly monitored for district compliance, and isolated from other state educational programs. These consistencies are general trends; exceptions are always present. In California and New York, for example, Title I is not administratively isolated but functionally merged with the state compensatory instruction programs.

Across the states handicapped education programs look very much alike, in large measure because of P.L. 94-142's requirements that the states adopt federal provisions as minimal state requirements and because of earlier federal efforts through state assistance grants to promulgate standards for special education. In all of our states, federal and state handicapped education programs functioned as one program.[1] Most states pursued monitoring in a highly legalistic, assertive fashion, although a few states adopted a lower-profile, persuasive approach with districts on compliance matters.

A consistent state administrative pattern also seemed to characterize the vocational education set-asides. Typically these set-asides, though housed in the division of vocational education, were administered separately from other state and federal vocational programs. While district reporting was stressed, the states typically pursued a milder monitoring strategy with the set-asides than they did with either Title I or special education.

Heterogeneity characterized the states' administration of the ESEA Title IV, ESEA Title VII (bilingual education), and vocational education programs as well as the federal civil rights mandates (Title VI, Title IX, and Sec. 504). These programs vary considerably from state to state, with different funds recipients, funds distribution formulas, and uneven participation by state authorities. A few illustrations depict this diversity.

The greater discretionary choice allowed the states by ESEA Title IV and the basic grants portion of the vocational education program, in contrast to Title I and P.L. 94-142, plays out in the greater diversity that characterizes these programs across the states. Funding formulas for the Title IV-B (libraries) program varied in their composition from state to state.[2] Title IV-C program funds, as intended by federal legislation, were spread across a wide spectrum of uses in districts -- uses which typically reflect SEA priorities. Unlike the similarity that characterized state administration of the vocational education set-asides, states exhibited very different patterns in the administration of the basic federal vocational education grant. Areas of variation included:

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[1] States typically added different eligibility ages or groups for special education services, used different funding schemes and varied student assessment requirements, but the core state program for students 5-17 was strikingly the same across the states.

[2] In spite of all these variations, however, a Rand study concluded that most of the state IV-B formulas usually mirror general enrollment. Elmore, Richard, & McLaughlin, Milbrey. Program Consolidation and the State Role in ESEA Title IV, Santa Monica, CA: Rand Corporation, 1980.

selecting recipients (e.g., postsecondary, regional centers or secondary schools), funding formulas, and allowable uses for federal funds (construction and equipment, supplies or services).

ESEA Title VII and the federal civil rights policies make limited or no provision for state involvement. As a result, they come across as a weak federal signal and are open to highly differential administrative response by the states. Although seven of our eight states had federal Title VII funds flowing into the state, half the states did not participate at all, or did so only superficially, in the federal bilingual program; the others actively reviewed Title VII applications and used Title VII funds to promote state technical assistance and leadership in bilingual education. Those states that participated actively were those that had substantial state bilingual education efforts of their own. Only a few states were active enforcers of civil rights policies. These states enforced state policies (not federal) that resembled or replicated those contained in federal law.

Within states, the administration of federal programs ranged from a pattern of consistency -- where all federal programs were managed similarly -- to one of inconsistency -- where federal programs were managed in quite different ways. The pattern exhibited by an individual state reflects the interactions among the previously described set of factors: federal signals, state political traditions and climate, and SEA priorities. The states which showed marked consistency in their administration of federal programs were those where political traditions and climate (e.g., local autonomy) or SEA priorities were so strong that they imprinted all federal programs in the state with a similar mark.

The following vignettes of the states illustrate the factors at work shaping state administrative approaches. They are arranged in descending order from the most consistent pattern of state administration of federal programs to the least consistent. As a group the first four states exhibit a relatively consistent pattern in implementing federal programs; the last four states vary their approach depending on the federal program in question. We attach no value to a state's pattern of consistency or inconsistency in its treatment of federal programs and policies. We describe these patterns within the states only to emphasize that state as well as federal factors are strong influences on the implementation of federal programs in the states.

California: The school-based reform concept, a major priority for former Superintendent Wilson Riles, is the key to understanding California's management of most federal programs over the past several years. School-based reform encompasses two major elements: a consolidated application and review process and a school-level plan focused on integrating all program resources within a school around identified problems. The federal Title I and Title IV programs have been "consolidated programs" for the past two years. Special education has only recently been included in

the quality review portion of the consolidated program approach. Vocational education (partially because of a different service delivery structure and a long history as a separate "empire" organizationally) remains outside the school-based reform model, although the SEA contemplates its inclusion. California is a state relatively comfortable with centralized direction of education functions; as a result, the state education agency aggressively pursues its monitoring and accountability responsibilities in both federal and state program areas.

Massachusetts: This state, though traditionally inactive in the specification of program content, has proven quite comfortable in assertive policies with respect to civil rights and students' access to educational services. Most federal (and state) programs in Massachusetts are monitored vigorously for compliance. Even in special education, the state carefully inspects enrollment statistics for racial imbalance. The state formally recognized special needs students in vocational education before the federal government required it to do so. The state's stringent interpretations of the Title I program reflect the state's aggressive style, but they also lead to the anomaly that only in this program does the state become prescriptive about program content.

New York: This state assumes a consistently aggressive posture in federal programs -- a posture that emphasizes access and in many instances instructional quality. New York is active in the federal bilingual program. The SEA uses its unique legal authority to monitor assertively racial imbalance in districts. The state manages the ESEA Title I program as a component of its state remediation thrust. The state education agency is comfortable mandating education policy procedurally and actively oversees curricular quality. As a result, New York specifies Title I requirements and elaborates P.L. 94-142 requirements.

Wyoming: This state does not assume an openly aggressive posture in the administration of its federal programs. The state education agency is small in absolute number of staff, largely as a result of the proclivities of the state legislature and political attitudes in the state. Active on-site monitoring by the SEA is hindered by the immense distances among districts in the state. With respect to the federal programs in which the state participates, the state rarely elaborates provisions but through persuasion attempts to implement the programs as consistently as is feasible within the state political environment. Wyoming generally does not opt into federal programs

without a required state role, although they do have a small Title VII administrative grant in the SEA.

Louisiana: Louisiana places most federal programs in a relatively separate administrative stream from other state education functions (the sole exception being special education). Although Title I and special education are strictly interpreted, the state does so largely to satisfy federal requirements and to avoid audit exceptions. The state does not voluntarily take on any roles stemming from federal programs that are not explicitly required (e.g., ESEA Title VII, CRA Title VI, Title IX).

Virginia: Virginia manages ESEA Title I and vocational education in a low-profile manner designed to "keep districts out of trouble" through technical assistance efforts instead of aggressive monitoring practices. The Title I program is kept administratively separate from the state's own basic skills remediation program. The SEA assumes a much more assertive monitoring posture in special education and merges P.L. 94-142 with the state program. Federal civil rights efforts -- Title VI of the Civil Rights Act, Title IX and Sec. 504 -- appear to be low priorities. The SEA is largely inactive in the ESEA Title VII program, although it receives a small sum of federal Title VII dollars.

New Mexico: New Mexico recently endeavored to make federal programs responsive to political priorities in the state. As a result the SEA differentiates its approach to administering federal programs: the state does not participate in P.L. 94-142; it operates ESEA Title I in relative isolation from other programs in the state, largely because of pressures from federal audits and the state's desire to avoid federal dependency on formula programs; and it uses the basic vocational education program to serve postsecondary students partly to concentrate funds and partly to avoid conflict with state equalization aid. The state actively participates in ESEA Title VII and has built its own programs for bilingual students carefully modeled on Title VII.

Missouri: The SEA administers federal programs in highly differential ways. ESEA Titles I and IV are administratively separate from other programs in the state. The state uses frequent on-site monitoring for both programs and in Title I specifies clear

restrictions on the substance and design of district programs. The SEA does not use on-site monitoring except upon request with P.L. 94-142, a program that is merged with the state program. The state has not used a strict compliance/aggressive monitoring role in vocational education. The state is not involved in ESEA Title VII and does not view civil rights enforcement as a state function.

These vignettes highlight the interplay between federal program signals and state influences that shape each state's administration of federal programs. The existence of state programs which share a similar target group of students represents a special case of this interplay -- a case where state factors have produced state programs for serving special needs students. We found related state programs an important issue for states to contend with as they fulfilled their administrative obligations to federal programs, and in several instances these state programs constituted important influences on federal program administration.

The Administration of Federal and Related State Programs

State programs for special populations with federal counterparts varied greatly in their design and operation in our sample. Some state programs, particularly bilingual education and special education, resembled their counterpart programs at the federal level. Even where there were similarities, these state programs usually contained distinctive elements either in state funding approaches, pupil eligibility, or approved program criteria. Moreover, in contrast to the federal programs, the states usually attached class-size ratios and teacher certification requirements to their programs.[1] State compensatory instruction programs varied notably across the states; they contained different funding mechanisms, mandates for service, target populations, and accountability designs. State vocational education programs also exhibited variety across the states both in funding approach and in the degree of state regulation. State vocational education programs in our eight states typically were funded as part of general operating aid for schools.

The way in which state and federal programs for similar target populations are administered follows a continuum. State programs can be isolated; that is, they can be administratively and programmatically distinct from their federal counterparts. Alternatively, state programs can be integrated with federal programs, so that one cannot easily distinguish the two. A structure of coordination, where funds are targeted to the same type of student, and the programs are similar in design or are planned to reinforce one another forms a mid-point on this continuum.

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[1]Other research examines the program control mechanisms on which states rely. See Milne, Anne M., Moskowitz, Jay, & Ellman, Fran M. Serving Special Needs Children: The State Approach, Washington, DC: Decision Resources, 1982.

Unlike the integrated programs, however, with coordinated programs one can distinguish how the two different sources of funds are used. They also may be administered by two different SEA offices.

We found that the states in our sample were fairly consistent in the way that state and federal programs in special education, bilingual education, vocational education and civil rights interacted. Most of our states had some form of special education program prior to the passage of P.L. 94-142, and all now have state laws that conform to federal regulations. As a result of the prescriptiveness of the federal law, state and federal special education programs are virtually indistinguishable in those states participating in P.L. 94-142.[1]

In some respects, the story of vocational education parallels that of special education. The traditional program categories reflected in most state vocational education department organization charts had their origin in the range of activities allowed under the Smith-Hughes Act of 1917 and the federal Vocational Education Act of 1963. In this sense, states integrated federal and state vocational education programs by institutionalizing federal purposes in state-designed programs. Yet, because of the latitude allowed under federal law, and the extensive overmatching of federal funds by state and local governments, states differed significantly in the structure of their local delivery systems and in resource allocation patterns. Thus, when the 1968 and 1976 Amendments to the Vocational Education Act set more prescriptive requirements for the allocation and use of federal dollars, ones which conflicted with existing state actions, the states generally responded by isolating these new federal initiatives. Distinct units were established within the vocational education divisions of SEAs to administer set-aside programs and sex and race equity requirements. Massachusetts was the only one of our states where the SEA redirected state vocational education policies toward the needs of women, the handicapped and minorities.

As we discussed earlier, the federal government does not specify a role for state government in the administration of Title VII and civil rights programs. Four states -- California, Massachusetts, New Mexico, and New York -- have developed state programs for limited English-speaking students, and all four coordinate these efforts with their Title VII activities. State program requirements are modeled on the Lau guidelines,[2]

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[1]New Mexico does not accept P.L. 94-142 assistance funds. The state is obligated to meet Sec. 504 requirements, however, by virtue of its acceptance of other federal funds. For a discussion of New Mexico's decision not to participate in P.L. 94-142, see the companion volume to this report containing case studies of each of the eight states.

[2]Massachusetts' Transitional Bilingual Education Law, enacted in 1971, outlines the components of bilingual programs that must be provided to ESL students and predates the Lau regulations. This statute, instigated and initially drafted by the federally funded Center for Law and Education in Boston, illustrates the way state and federal actions affect each other.

and the states' Title VII technical assistance funds are used to support both the administration of state bilingual education programs and a network which links the states' bilingual constituencies with service providers.

In civil rights, however, state programs tend to be isolated from federal activities. For example, the New York SEA exercises its anti-discrimination powers by investigating and issuing findings on discrimination complaints filed under state law, but the federal Office for Civil Rights (OCR) is responsible for investigating complaints filed under federal law. While staff in the New York SEA have worked closely with OCR in Washington in developing desegregation proposals, they complain about regional OCR staff who investigate a school district without informing the state in advance. This lack of coordination apparently stems from a federal strategy of making compliance questions a responsibility of the federal government -- a strategy based on a longstanding federal lack of confidence in the expertise and commitment of state civil rights agencies (especially in the desegregation area) and a concern about OCR's mandates to respond to citizens' complaints.[1]

The impact of state compensatory and remedial education on the administration of Title I was not consistent across those states with programs in operation at the time of our fieldwork.[2] In two cases, Missouri and Virginia, state remedial education programs are administered by separate SEA offices in isolation from Title I. In these states, the programs have different targeting requirements (although many of the students eligible for Title I services are also eligible for services under state programs) and different, though parallel, programmatic emphases. In California and New York, however, the SEAs made a major effort to coordinate the design and administration of the state and federal programs. Targeting requirements are similar to those in Title I,[3] and local schools and school districts are encouraged to coordinate the delivery of compensatory education services supported by federal and state, as well as local, funds.

This variation in the interaction of state and federal compensatory education programs can be explained by three interrelated phenomena: (1) the timing of the program's initiation; (2) the state's education priorities

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[1]Larson, M. A., & Winslow, H. R. Finding the Common Denominator: The Capacity of State Agencies to Assist the HEW Office for Civil Rights, Menlo Park, CA.: SRI International, Sept. 1979.

[2]Louisiana enacted a state program of remedial services for those students who fail a standardized annual achievement test, but it was not implemented in the 1981-82 school year.

[3]California's state compensatory education aid is allocated to districts based on poverty and pupil transiency. New York's state compensatory education funds are distributed to districts on the basis of test scores; at the school level, the same achievement measures are used to target federal and state funds.

at that time; and (3) the broader political environment of the state. For example, California's initial compensatory education program was enacted at roughly the same time that ESEA was being deliberated in Washington. A major expansion of the state's program occurred in the early 1970s and is attributed largely to the efforts of Superintendent Wilson Riles, support from the legislature for compensatory education, and the political need to direct more state education aid to urban school districts. The California compensatory education program bears many similarities to Title I, including a poverty-based allocation formula and tight administrative and accountability requirements.

Although the California and federal programs were similar in design, they were administered as two distinct, but parallel, programs until the mid-1970s. At that time the SEA philosophy changed in two ways. First, rather than view remedial programs as a supplement to the basic education program, they were seen as part of a comprehensive educational program; and second, instead of focusing on the district as the locus of decision-making for the school, emphasis was placed on coordinating educational programs for the disadvantaged student at the school level. New York underwent a similar shift in emphasis when the Board of Regents mandated that remedial help be given to all students who perform poorly on state-wide competency tests. This shift resulted in the merger of the administration of state and federal compensatory education programs into one office which uses a unified process for application, monitoring and review. In both cases, the changed state and SEA priorities led these SEAs to allow districts (or schools) to use state and federal funds together to serve a common target population -- the most educationally disadvantaged students.

Virginia, on the other hand, enacted its remedial education program in 1980. The program, which is administered by a different office than Title I, is designed to reduce the student-teacher ratios in school districts with large concentrations of low-achieving primary grade students. Education support for this program stemmed from the state board of education's concern with raising educational standards and from the legislature's desire to direct more state aid into urban areas. Because this program was passed almost 15 years after Title I, it developed in a different political climate. As a result, the state's program emphasizes basic skills instruction, rather than Title I's emphasis on economically disadvantaged pupils. Additionally, Virginia's concern about Title I supplanting regulations hampered state coordination of the two programs. State officials are reluctant to merge state-level administration of both the federal and state compensatory programs because of possible supplanting violations. Thus, although there may be an overlap in the children eligible for participation in these programs, state efforts to coordinate the programs administratively are minimal.

Unintended Administrative Impacts of Federal and State Programs

The dual roles state education agencies perform in administering both state and federal education programs may result in several

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[1] Many of these latter requirements originated in California, when the state developed more far-reaching and stringent Title I guidelines than the federal government in the late 1960s.

unintended negative effects: lack of coordination among programs, unwarranted administrative burden, and the emergence of SEA staff with loyalties to federal program offices that can undercut state policy. These effects largely have been attributed to the influx of federal education programs, although some evidence suggests that, to the extent these problems exist, their causes extend beyond the involvement of the federal government.[1] As part of our inquiry into federal and state program interactions, we sought to uncover the extent to which these problems existed in our states and the sources to which they were attributable.

Lack of Coordination

The number of federal and state programs for special needs students administered by most state education agencies has caused some observers to question whether these programs have resulted in a lack of coordination at the state and local levels. We sought evidence about this lack of coordination across programs at the state level.

A few caveats are necessary, however, before discussing fragmentation and coordination. Ultimately, the extent to which education policies are fragmented or coordinated is measurable only at the school or district levels. In spite of the positive values attached to program coordination, efforts to coordinate are only useful in their ability to further some end -- improved delivery of educational services or improved operating efficiency. Meetings convened by state administrative officials to address issues related to duplication, economy and efficiency may have little or nothing to do with achieving coordinated service delivery at the school or district level. In fact, coordination efforts may actually impede effective service delivery because they take program managers' attention away from more pressing program problems, especially when the programs being coordinated have little in common.[2] As a result, while state coordination may have some administrative benefits, these benefits may be of little significance in orchestrating more coherent programs for students. Program coordination both in the sense of deliberate steps to dovetail instructional efforts and in the sense of less deliberate actions to make programs somehow fit into the school setting almost invariably fall to those actually delivering services to students.[3]

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[1] Sources not disputing the existence of these problems but casting doubt on the assertion that federal programs are the primary cause include: Murphy, Jerome T. "The Paradox of State Government Reform." In The Public Interest, No. 64, Summer, 1981, pp. 124-139; and Cohen, David K. "Policy and Organization: The Impact of State and Federal Educational Policy on School Governance." Harvard Educational Review, Vol. 52, No.4, Nov. 1982, pp. 474-499.

[2] Programs which serve very different target groups may need little program coordination at the state level. For example, a Title I program in grades K-3 has no direct operational bearing on a postsecondary vocational education program.

[3] In a similar vein, David Cohen observes that increasing coordination may not have any "simplifying effect on the organization of education governance... it may only complicate things by adding other layers..." Op. cit., p. 486.

As noted earlier, vertical program coordination (between a federal and related state education program) was fairly evident across the states studied. Only the vocational education set-asides and Title I programs in some states were characterized by separate, uncoordinated administration with related state programs. Horizontal coordination (across a range of federal and state education programs) was a much less evident phenomenon, although we did witness several modest steps in this direction and a more dramatic effort in California to coordinate a wide array of education programs as part of a policy emphasizing school-based improvements.

The more modest coordination efforts we found included the use of a unified application across a number of federal and/or state programs and a unified review process for federal and state programs. Both New York and California do this. New York's application, for example, marries the state's mandate for student remediation with state and federal compensatory application requirements. New Mexico, Virginia, and California have instituted a unified review process which simultanously reviews districts' (and, in California, schools') conformance with an array of state and federal curricular or program requirements. Federal programs are unevenly included in these review processes. The reasons for this uneven treatment vary but typically involve issues about the frequency and detail of the review process needed in particular programs, the orientation of the reviewers (technical assistance versus compliance), and the expertise required to conduct the reviews.

We also found other types of coordination. Several states referred to coordination activities between federal programs which had overlapping set-aside funds, primarily vocational education and the handicapped program. Wyoming has developed a "broker system" which attempts to coordinate services from several programs going to a district from a centralized vantage point in the SEA. Each region is matched to a state "broker," who aids the district and relays information about problems the district is encountering to higher SEA officials.

Most of these state efforts to coordinate administration of the educational system are dwarfed by the magnitude of California's plans for coordinating education programs. California employs consolidated applications, monitoring and review along with school-level plans in an effort to achieve a coherent educational program in every school in the state. While vocational education remains independent of these procedures, and special education participates only in part, all other federal and state special needs and improvement programs are included.

A state's efforts to coordinate programs, whether administratively or programmatically, are largely a function of the three broad factors we have previously discussed -- federal signals, state political traditions and climate, and SEA priorities. California's creation of a comprehensive philosophy to encompass all education programs reaching the school is an SEA priority that was facilitated by the state's political traditions and climate, which affirm strong state direction of education. The use of consolidated program application and review procedures appears to coincide with state and SEA policies to ensure that all districts and schools meet minimal program standards in a variety of areas.

Federal signals have in some cases fostered horizontal coordination across federal programs in the states by including set-aside funds provisions. More frequently, however, federal signals (primarily in ESEA Title I) have stressed clean audit trails as a necessary condition for ensuring the proper use of federal funds. With the exception of California, officials in most of our states did not complain that the audit process constituted a significant disincentive to their coordination of federal and state programs, but we suspect that it is a cost associated with current federal accountability requirements. The fact that separate Title I and state compensatory education programs existed in three of the five states operating these programs underscores this assessment.

Once again we emphasize that coordination does not by itself constitute a desirable goal. The value of coordination lies primarily in its connection to improving educational service delivery. Coordination, particularly across disparate programs, as a goal unto itself can be highly counterproductive. As one chief state school officer aptly commented, "I can't think of anything worse than a federal mandate to coordinate all programs."

Administrative Burden

Federally induced administrative burden at the state level (excessive paperwork, data reporting and manipulation) emerged as far less of an issue than popular accounts had led us to believe. Considering the financial assistance available to SEAs from the federal government, this finding is not surprising. We did uncover a few exceptions to this general finding especially with respect to the vocational education planning and data reporting requirements and the due process procedures required by P.L. 94-142. Several state officials believed these requirements needlessly taxed state and local staff, but even in these cases, several state officials acknowledged the administrative subsidies they received from the federal government.[1] As one official summarized, "There are too many regulations, but I'll live with them for the dollar."

We speculate that the administrative burden associated with federal policies may emerge as a bigger problem for local authorities where explicit administrative set-asides are uncommon, and the administrative costs associated with some activities are less obvious than at the state level. At the local level the source of administrative burden can prove a significant factor. Both SEA and district respondents in several states we visited noted the marked increase in state-imposed paperwork burden on schools. A legislative study in California found that most paperwork requirements on schools were district-imposed, next state-imposed, and the fewest were of federal origin. Similarly, one local

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[1] The only major state-level unreimbursed federal administrative functions reported to us were federal audits and civil rights investigations. Federal auditors received significant criticism in the states we visited, but more for their targets of inquiry and their inconsistent criteria than for the time and paperwork they required.

official in New Mexico commented, "Over time people have become more receptive and see that the intrusion is not that much. This paperwork thing is the great myth of federal programs."

Federal Franchises in the States

We uncovered no dramatic instances in the states we visited where state administrators of federal programs functioned as a federal franchise, altering state policies to assimilate federal expectations. Performance of state managers of federal programs reflected the larger theme of mutual state and federal influence, which we found characterizing the system as a whole. These managers had to be responsive to federal signals as well as state political and program priorities. In many states, federal program managers found little capital in calling upon their federal program ties. As a result, they engaged in no overt attempts to redirect state policy decisions.

In several states administrators of federal programs did function fairly autonomously, however. The independence of these managers can be explained by (1) historic program "empires" (some, such as special education, predated major federal intervention); (2) program managers' access to a federal stream of support; and, (3) the separate administrative track assigned certain federal programs within SEAs. In half of our states, SEA officials expressed concern about these empires and noted efforts taken by SEA management to minimize their strength. California officials, for example, cited their cost-pooling approach to supporting SEA staff.

Many observers have noted the significance of vertical networks in the implementation of federal programs.[1] Our evidence confirms that federal programs frequently are administered at the state level by fairly autonomous staff who form vertical networks, but it also suggests that these staff are cautious about maintaining fidelity to state priorities and political traditions. While federal program managers in our states were committed to federal goals and policies, they did not operate as a federal franchise that bypassed or undercut state policy.

Intergovernmental Policy and Program Conflicts

Conflict is an inevitable byproduct of federal choices either to influence state agencies to address national objectives or to bypass state government in favor of direct dealings with local officials. Thus, the

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[1] See Derthick, Martha. The Influence of Federal Grants, Cambridge: Harvard University Press, 1970; Hill, Paul T. Enforcement and Informal Pressure in the Management of Federal Categorical Programs in Education, (Prepared for the Office of the HEW Assistant Secretary for Education), Santa Monica, CA: Rand Corporation, Aug. 1979; and Elmore, Richard F., & McLaughlin, Milbrey W. Rethinking the Federal Role in Education, (Paper prepared for the School Finance Project), Washington, DC: U.S. Department of Education, 1982. These authors define vertical networks as "local, state, and federal employees who owe their jobs to federal programs." Elmore & McLaughlin. Ibid., p. 6.

existence of conflict is no surprise. Of interest here are which federal signals cause conflict, and what the basis of the conflict is.

In general, we did not find intense conflict between the states and the federal government during our fieldwork in the spring of 1982. This finding may have resulted partially from new federal signals sent to the states in the Education Consolidation and Improvement Act (ECIA) of 1981 and federal funding cuts in numerous federal education programs. But while state officials did convey a "wait and see" attitude toward these changes, they also reported that certain conflicts they had experienced with federal programs were reduced. In particular, they pointed to Title I provisions contained in the Education Amendments of 1978 that introduced flexibility for many states operating similar compensatory programs. Several SEA respondents feared the ECIA 1981 revisions to Title I removed this flexibility.

Budgetary Encroachment

A number of critics claim that federal service mandates for handicapped and limited English proficient students may distort state education budgets by encroaching on funds for other students, particularly the general education student. In our eight states the budgetary encroachment influence of federal policy was particularly difficult to assess because of the various forces that shape budget shifts and because of state policies which resulted in pronounced situations of encroachment on their own. Encroachment is fundamentally a problem of dwindling fiscal resources that calls into question any policies, federal or state, that establish funding priorities for different program categories.

For example, California by its own policy determination requires funds for limited English proficient students to be taken off the top of the state's compensatory instruction aid. Hence, bilingual services encroach on funds for disadvantaged students. In Missouri, again by state choice, special education funds and school transportation funds have first funding priority from the state's education aid formula; consequently, state special programs encroach on the general education program.

We encountered a strong backlash toward special education in virtually all of our states in part suggesting problems of budgetary encroachment. In Massachusetts, interest groups, legislators and other government officials expressed the strongest opinions we heard about special programs being operated at the expense of regular ones. They attributed this outcome to the lack of a "lobby for the regular child." The Massachusetts situation is complicated by the relative low level of state fiscal support and the intense competition for funds at the local level occasioned by Proposition 2-1/2. To the extent that P.L. 94-142 reinforces state special education protections, federal requirements probably play a role in budgetary encroachment across the states, but state factors are equally influential. Notably, we found little pressure on state funds that could be directly attributed to the federal mandate to serve limited English proficient students. Indirect federal influences may somewhat explain

California's funding bilingual education off the top of their state compensatory program, but in general states appear to interpret the Lau requirements primarily as district rather than state obligations.

State Conflicts with Federal Signals

While we did not find intense, across-the-board conflict in our states, we did uncover several areas where specific federal signals were highly discordant with state policy preferences. Most of these conflicts revolved around federal signals that were relatively recent and that called for changing existing state procedures or programs. Paradoxically, we found the likelihood of sustained conflict between federal and state policies far higher in states pursuing agendas similar to those adopted by the federal government. Isolated federal programs with no state counterparts and the non-participation of a state in a policy area (e.g., civil rights) minimized conflicts between the two governance levels, although these arrangements may be indicative of deeper state conflicts with the goals of federal programs.

Conflicts between the federal government and the states over federal education policies do not reduce to clear categories of philosophic conflicts versus technical complaints. While occasionally such a distinction is possible, usually philosophic differences find their way into technical provisions and administrative actions, which later become the focus of controversy. For example, the federal government and California use different numbers of limited English proficient students to trigger requirements mandating bilingual services in a school. This difference represents the rare case of a fairly straightforward technical conflict. However, Massachusetts' policy of not counting handicapped children by handicapping condition constitutes a basic philosophic difference between Massachusetts policy and federal law.[1]

State conflicts with P.L. 94-142 and the special set-aside provisions of the Vocational Education Act dominated state officials' lists of problems with federal programs and policies. Particularly irksome were the "prescriptiveness" of P.L. 94-142 and the planning, data reporting and excess costs provisions of the Vocational Education Act. As one state official complained with respect to the vocational set-asides, "The federal government is taking a manpower program and making a social policy out of it!"

State officials also repeatedly complained about the unwillingness of federal authorities to specify what was required. Thus, while they attacked P.L. 94-142 for its prescriptiveness, they railed against the vagueness of the "related services" provision. The remark of one California official was shared by officials across most states we visited, "We can live with detailed instructions, but we can't live with fuzziness or retroactive penalities."

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[1]This conflict has been resolved by allowing Massachusetts to convert its state child count into federal categories by statistical procedures which equate the two. Massachusetts officials report this compromise was reached after the chief state school officer threatened to sue the federal government.

In contrast to P.L. 94-142 and the federal vocational education program, ESEA Title I drew relatively little critical comment from state officials in our sample. Most of our states considered the district comparability provisions of Title I a paper charade and the singularly most vexing aspect of the program next to the federal auditors. Several respondents observed that the supplemental goals of Title I had been institutionalized in state and local officials' minds. Consequently, they saw little need for districts to compute comparability figures that had marginal program impact in the first place. Nevertheless, a few states retained these requirements in spite of the new ECIA Chapter 1 provisions that replaced these computations with a requirement for a district plan to ensure comparability.

Two areas where we expected to find intergovernmental discord, but did not, deserve mention. First, state officials reported hardly any instances of conflicts with federal requirements to provide services to private school students, even though our state sample included two states which constitutionally prohibit private school aid (Missouri and Virginia) and two states with sizable proportions of private school populations (Massachusetts and Louisiana). We suspect that the issue of including private school students in federal programs may create greater tensions at the district than at the state level.

Second, with one exception we heard relatively few complaints about federally induced problems in state efforts to coordinate multiple programs. Except for California, few state officials viewed the federal programs as a major factor contributing to problems in the horizontal coordination of programs. As we noted in the previous discussion of coordination, many factors -- federal, state, organizational -- impede coordination. For example, organizational divisions such as special education, vocational education, and elementary and secondary education have existed as separate empires for some time. Coordination of activities even within a single program division can often demand significant energies of an organization's leadership. Perhaps because of these factors, officials in our states placed relatively little value on horizontal policy coordination at this point in time.[1] Without SEA policies that focus on coordinated services or administrative requirements, complaints about factors hampering coordination are unlikely to emerge.

State Response to Conflict

The states we visited demonstrated markedly different responses to conflicts with federal programs. States such as California, Massachusetts,

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[1]This situation may be changing as more states face federal SEA staff reductions which threaten monitoring, review, and technical assistance activities within program divisions. If the states choose to continue these efforts, they may consider coordinating resources across programs. In addition, school improvement programs patterned after California's approach may stimulate greater state priorities involving horizontal program coordination.

and New York actively worked political connections to shape federal program requirements. California officials pointed out that many state Title I directors refer to the 1978 Education Amendments as the "Relief for California Act," reflecting the state's heavy lobbying of members of Congress and agency officials. The P.L. 94-142 requirement waiving the supplement-not-supplant provision for states that can demonstate free appropriate public education available to all handicapped children was the "brainchild of the Massachusetts Department of Education" and was introduced by Massachusetts Congressman and Speaker of the House, Thomas P. O'Neill.[1] The Massachusetts SEA endeavored to qualify for the waiver in part as an effort to test its implementation by federal administrators.

These dramatic actions by states and SEAs to influence federal policy are accompanied by many more numerous, less publicized efforts to resolve conflicts. The Massachusetts SEA resolved its opposition to a federally imposed handicapped child count procedure based on handicapping labels by agreeing to the use of a statistical technique to convert the state's unlabeled child count data into federal categories. The Louisiana SEA was able to renegotiate the state's ESEA Title IV-B funding formula more to its liking (i.e., with less weight attached to high-cost children by submitting a revised formula in a new round of IV-B state approval plans). The new formula reflected the state program managers' learning from other states that the federal government had allowed more latitude in writing the IV-B formula than they had originally surmised. Similar bargaining was occurring between several of our eight states and the federal government with respect to funds distribution formulas for the Chapter 2 block grant program of the ECIA.

These illustrations demonstrate the states' tendency to handle conflicts through the process of political bargaining, negotiation and compromise. The more populous states exhibited a more assertive approach to influencing disagreeable federal requirements, yet all the states we studied engaged in negotiations over state plans, audit exceptions, and criticism contained in program reviews. SEA officials in our states relied on state networks to inform them of discretionary leeway within programs and to raise common concerns about dealings with federal agencies.

Summary

The findings we discuss in this chapter portray a robust and diverse federal/state governance system. We did not see states passively administering federal education programs, nor did we see states reluctant to tackle educational agendas of their own -- some of which reflected federal objectives, and others which did not.

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[1]See Murphy, Jerome T. "Differential Treatment of the States: A Good Idea or Wishful Thinking." (Draft prepared for the School Finance Project), Cambridge: Harvard University, Institute for Educational Policy Studies, August 1981.

State political traditions, climate and SEA priorities actively influenced the translation of federal education programs and policies in the states studied. Because these state factors vary greatly across the states (particularly their contextual meanings), state administrative responses to federal programs and policies are quite diverse. For example, in one state, districts are free to adopt a variety of innovative designs in their ESEA Title I programs; in another, districts are restricted in their choice of instructional content and design. One state conducts considerable on-site compliance monitoring of P.L. 94-142; another state relies on off-site compliance review. These examples demonstrate a few of the different ways we saw states tailor federal programs to the state environment.

At the same time we found that state forces actively shape federal programs and policies, we also found federal program and policy signals heavily influencing the course followed by the states. ESEA Title I and P.L. 94-142 programs retained considerable coherence from state to state in spite of individual state influences. Years of federal signals emphasizing the supplemental, compensatory education focus, along with the galvanizing force of federal audits, explain the marked congruency which characterizes Title I programs across the states. P.L. 94-142, through its legal protections and mandate that state laws at a minimum follow federal law, embodies some of the strongest influences on state administrative behavior. All of the states we visited had to alter their laws, regulations or practices to comply with federal handicapped requirements. Retaining federal dollars proved a powerful federal incentive for state participation in vocational education in spite of their discomfort with the new planning and set-aside requirements contained in the 1968 and 1976 vocational education amendments. Consistent with federal signals, however, the basic vocational education programs across the states were diverse.

Administrative problems frequently associated with federal programs -- lack of coordination among programs, administrative burden, and a federal franchise in the states that countervails state policy -- emerged in this study as complex problems that cannot simply be attributed to the operation of federal programs. While federal initiatives may be implicated to varying degrees in these problems, state program requirements, organizational structures and diminished fiscal resources at state and local levels contribute substantially to the complaints expressed by state and local officials about these issues. In general, opinion at the state level did not indicate these areas as major sources of dissatisfaction with federal programs.

Finally, state conflicts with federal programs did not exhibit the intensity we had expected from popular accounts. While we did not find a massive level of tension between the states and the federal government, some real conflicts were apparent in the areas of vocational education and special education. State conflicts in vocational education center on the newer requirements regarding extensive planning, data collection and set-asides for students with special needs. Special education conflicts focus on federal prescriptiveness especially regarding due process procedures and

the open-ended nature of requirements like related services. Both these areas of conflict represent federal signals that are relatively new and that pressure states to alter existing program operations. In contrast, we found little state conflict with federal programs that gave states major discretion (ESEA Title IV) or that had existed for some time (ESEA Title I).

CHAPTER VI: THE STATUS OF THE INTERGOVERNMENTAL SYSTEM -- CONCLUSIONS AND IMPLICATIONS

This study addresses a fundamental issue in the distribution of federal assistance to state and local governments: the balance of federal objectives and accountability with recipients' needs for flexibility and discretion. Many critics of the tightened federal aid provisions, which evolved in the 1970s, and the increased number of federal programs of the same era have urged restriking the balance between federal accountability demands and state discretion. In fact, ECIA Chapters 1 and 2, passed by the 97th Congress, sought specifically to increase the discretionary latitude available to states both in ESEA Title I and several other grant programs (including the ESEA Title IV and Title V programs). This study was designed to help policymakers understand the impacts that the previous configuration of federal programs and policies had upon the states' governance of education. Lessons from past experience can prove useful as policymakers consider proposals to reformulate the federal-state balance.

In this study we attempted to assess the balance that defined the federal-state governance of education in 1981-82. While we focused on this year, we strove to incorporate a vision of the previous 15 years of federal-state administrative relations that shaped the current context. On one side of the scale, we sought a thorough understanding of federal requirements of the states, -- the federal signals for state behavior. On the other side, we sought to document the states' responses to, and experiences with, federal programs and policies. Findings from both these perspectives form the basis for our conclusions about the federal-state intergovernmental system in education.

At the outset we should note that we did not conduct a research investigation of the implementation of each federal program or policy included in the study, nor did we evaluate the educational benefits of the programs. The study intentionally avoided a focus on legal intent of, and state compliance with, federal law. Rather, our purpose was to develop an accurate depiction of federal-state interactions around a number of programs in place at the beginning of the 1980s, programs that reflected the predominant federal interests of the past 15 years: the education of special needs students. Fashioning a new balance between federal objectives and accountability and recipient discretion inevitably involves new policy determinations about the structure and implementation of these federal programs.

The time period in which information is gathered can confound research results. To a limited extent our results may suffer from this problem. We conducted our state interviews in the spring of 1982, a transition period for the federal government during which new block grant legislation in education (ECIA Chapter 2) was just being implemented, and both federal and state officials were uncertain about which federal signals would remain in force. These winds of change may have caused respondents'

reports about the administration of federal programs and policies to be more sanguine than actually is the case. Clearly, the loss of federal funds in state agencies was a more realistic expectation than ever before.[1] We doubt, however, that our findings are far off the mark. First, in our interviews we emphasized a retrospective glance at the states' administration of federal programs and policies. These interviews concentrated on how states administered federal programs and policies, not just on opinions concerning federal aid or anticipated future actions. Second, while impending change may inspire nostalgia for past ways, it can also expose a deeper reality beyond the posturing and negotiating that forms much of the style and substance of intergovernmental relations.

We also note that the sample of states we studied is slightly skewed in the direction of economic stability. Although we selected the states to represent among other things a range of fiscal conditions, once we visited the states we recognized that we had few fiscally strapped states in our sample. The eight states studied include two with restrictive tax and expenditure limitations (California and Massachusetts) and two that have undergone revenue shortfalls in the last two years (New York and Missouri). Yet, none of our states at the time of our visits had to make dramatic cuts in state funding of education as seen in Michigan and Minnesota, cuts that have threatened state support of programs for special needs students. We interpret this "sample bias" as a stabilizing force lending credibility to our long-term assessments regarding federal and state program interactions. In the short term, however, our state sample does not reflect the educational side effects experienced by states most hard-pressed by a recessionary economy.

We present our conclusions and implications for federal policy in three parts. First, we summarize the study's major findings in terms of how the intergovernmental system functions. Second, we discuss the intergovernmental outcomes associated with the different strategies that define the federal programs we studied. Finally, we consider the implications of our findings for the various prescriptions recently offered as ways to improve the governance and delivery of existing educational services for special needs students.

Federal-State Interactions and the Intergovernmental System

Below we list four major conclusions about the functioning of the federal-state system. These conclusions depict a system that is both robust, diverse and interdependent.

- Contemporary federalism finds both the states and federal government as strong actors in education.

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[1] Although federal budget cuts had been enacted in Congress, the funding cycles of these programs combined with the states' authority to carry over funds from preceding years had postponed their actual impact on the states.

- Federal and state policy priorities for the education of special needs students, while convergent in some cases, more frequently are divergent.

- States have developed organizational capacities which surpass those of 15 years ago, but these capacities remain partially dependent on federal dollars.

- While intergovernmental conflicts exist, they are neither massive nor common across all federal programs. Similarly, many state administrative problems are overstated and inaccurately ascribed to federal programs as their singular source.

We elaborate each conclusion in the paragraphs which follow.

Contemporary federalism finds both the states and federal government as strong actors in education.

In contrast to the conventional wisdom that federal dominance and state weakness characterize the intergovernmental system in education, we found both actors possessing considerable influence over the actions of the other. This phenomenon recently has been noted by other observers who posit a causal relationship between the emergence of an expanded federal role and the expansion of the powers of lower levels of governance. As David Cohen contends, "When policy expanded at higher levels, parallel and semi-autonomous centers of power and organization also grew at lower levels."[1]

The states and SEAs in this study actively shaped the course federal education programs followed in the states. They asserted their influence by picking and choosing the federal programs in which they would participate (although only one state chose not to participate in a federal grant program we studied, several states chose not to pursue Title VII or civil rights efforts), and by tailoring federal programs to suit state political traditions and SEA priorities. The SEAs we studied, when confronted with federal program signals they found objectionable, endeavored to alter those signals both through political and administrative channels.

Federal signals also made a difference in the ways states behaved toward and administered federal programs. First, federal policies made an impact at a level beyond the particular strategy employed. The federal government, simply through adoption of a set of policy priorities, legitimized state adoption of those priorities. The national focal point that the federal government commands gives added exposure and legitimacy to those issues it chooses to address. Most state officials in our study acknowledged that the existence of policies toward special needs students brought added justification to their undertaking programs of their own. Federal choices about goals, objectives, and approaches are important influences on state actions. Policymakers should not underestimate the

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[1]Cohen, David C. "Policy and Organization: The Impact of State and Federal Educational Policy on School Governance." Harvard Educational Review, Vol. 52, No. 4, November 1982, p. 478.

importance of the choices which confront them; their decisions about which objectives to undertake and what strategies to use in attaining those objectives significantly influence the behavior of state actors.

At the programmatic level, federal signals influenced state conduct in different ways. A basic uniformity characterized state implementation of the ESEA Title I and P.L. 94-142 programs. While the federal signals that emanated from these programs were different in content (a supplemental add-on program versus a service mandate), they both shaped state behavior in a uniform direction. Federal signals conveying decision-making discretion (ESEA Title IV and the vocational education basic program) resulted in diverse administration patterns across the states. Federal signals that focused on federal-to-local relationships exclusive of a state administration role were relatively uninfluential in shaping state conduct except as they served to legitimize efforts in states where the political culture and/or SEA priorities were supportive.

The mere existence of a specific federal signal was not, however, the major source of influence on state behavior. Rather, the states were influenced most by those signals that "counted." These were signals that endured over time, were emphasized by formal and informal administrative actions, and carried legal or political consequences for the state or SEA. Time and negotiation were important ingredients in allowing states to figure out which signals counted. Thus, federal policy is characterized by a continuous evolutionary process in which both federal and state actors engage.

Federal and state policy priorities for the education of special needs students, while convergent in some cases, more frequently are divergent.

This study indicated that while federal and state special needs priorities converged in some areas and in some states, in most states those priorities diverged. We observed divergence between state and federal priorities in three arenas: (1) the states' administration of federal programs; (2) the existence of significant related state programs focused on special needs students; and (3) the state political environment supporting special needs programs.

In federal program administration, local autonomy norms placed major constraints on several SEAs in our states, shaping their oversight posture in performing monitoring and review functions. Federal requirements strengthened the ability of SEAs to oversee district adherence to program protections for special needs students. Relatedly, in vocational education several states passed the requirements for matching special needs set-asides onto local districts. As a result several states reported returning portions of set-aside funds. Only one state exhibited a policy of its own to increase the participation of disadvantaged students in vocational education.

The existence of related state programs for special needs students also reflected divergence between state and federal priorities. Several of the states we studied operated related state programs, but these

programs were unevenly distributed across groups of special needs students. Handicapped students were served by state programs in all the states, although state laws prior to P.L. 94-142 were not as strong as they are now in the majority of states. State bilingual programs operated in four states. Compensatory/remedial instruction programs existed in four states, but only two of these involved significant dollars and numbers of children. While six of our study states had some form of civil rights statute, only two states assertively pursued state enforcement of civil rights protections akin to Title VI of the Civil Rights Act. In sum, while federal/state priorities (as evidenced by parallel state programs and policies) have converged in some states, and for some target groups, the general picture is one of divergence.

The political environment surrounding special needs programs reinforced this picture. In some states with strong statutory protections for special needs students (especially special education), several respondents reported diminished support in the legislatures and in some instances efforts to roll back protections. In states which had not established related state programs, we found little inclination to initiate these programs. As one chief state school officer remarked, "If we haven't had these programs here before, why should we expect to in the future?" Civil rights activities in those states pursuing such policies were likewise facing more criticism than in the past. Legislators had little interest in supporting these endeavors, thus leaving those state activities that did exist highly dependent on SEA leadership and uncertain federal financial assistance.

The divergence between federal and state objectives occurs primarily in the equity arena. Clearly, the states we studied shared the objectives of the vocational education basic program. Other educational areas not within the scope of this study (e.g., teacher training, basic skills, and school improvement) may show a similarly close fit between federal and state objectives. Peterson's theory of federalism offers one explanation for this federal-state divergence in the equity arena. He argues that the federal government tends to pursue equality goals, whereas the states and locals exhibit more concern in the areas of efficiency and competency. According to his theory, these different emphases are produced by the structural relationship of the two levels -- states and locals concerned primarily with economic development, the federal level addressing a balance between economic development and redistribution concerns.[1]

If federal programs for special needs students were to shrink considerably, we doubt that state priorities for special needs students would emerge in those states without state programs.[2] While some states

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[1]Peterson, Paul. City Limits, Chicago: University of Chicago Press, 1981.

[2]Handicapped education programs constitute a partial exception to this pattern, however, several state policymakers predicted a roll-back of current protections if federal laws were significantly weakened.

may face political and social pressures to address the needs of special students, the federal government, by shifting its own priorities, may legitimize a shift away from such programs. Moreover, fiscal resources were an issue in most of the states we visited. Even those states with revenue surpluses expressed concern about cash reserves for the future. As a result, virtually none of the states we sampled believed they possessed the fiscal resources to undertake new priorities that carried a significant price tag.

States have developed organizational capacities which surpass those of 15 years ago, but these capacities remain partially dependent on federal dollars.

The organizational capacity of state education agencies on the whole has improved markedly over the past 15 years. As a result, most SEAs possess both the expertise and staff to exert state educational leadership and to undertake a number of functions such as program evaluation, oversight, data processing and policy analysis. At the same time that SEAs' capacity has increased, SEAs have shifted their functions away from curricular content toward procedures to improve educational programs (e.g., technical assistance, planning, evaluation and reporting). This shift in functions owes its origins to a combination of forces including federal emphases in these areas. The improved capacity and shifting functions are associated with a third general change: expanded SEA authority over school districts. Clearly, the extent of this expanded SEA authority varies from state to state, but in all the study states the trend was evident.

We found that several factors including, but not limited to, federal funds contributed to the change in state capacity. However, the improved capacity of SEAs, while not totally a federal product, remains partly dependent on federal funds. On the average, SEAs funded approximately half their staff with federal funds. While several states shifted specific SEA staff to state funding sources, fiscal conditions placed limits on most states' abilities to pursue this strategy widely. Consequently, proposals for changes in the federal role need to take account of the vulnerability of SEAs' improved capacity, especially if these changes are posited on the existence of such a capacity.

While intergovernmental conflicts exist, they are neither massive nor common across all federal programs. Similarly, many state administrative problems are overstated and inaccurately ascribed to federal programs as their singular source.

This study revealed consistent points of conflict between the states and the federal government regarding education programs, but conflict was not common across all federal programs. P.L. 94-142 and the newer portions of the vocational education program repeatedly emerged in the case states as the areas of greatest conflict. These programs are the most recently implemented federal programs, are characterized by ambiguous or changing signals, and require the states to change established

procedures and policies. In contrast, ESEA Titles I and IV were viewed as less troublesome programs by our state respondents. In the Title I program signals are relatively more established, while Title IV offers the states wide latitude. The civil rights requirements and ESEA Title VII produced little state conflict largely because of the minimal administrative role placed on SEAs by these programs. In sum, federal-state tensions were focused on specific programs and appeared far from overwhelming the federal-state relationship.

State administrative problems such as a lack of coordination, administrative burden, and a strong federal franchise within the SEA did not appear as major problems to our state respondents. To some extent these problems existed, but our analyses revealed their origins were far more complicated than the actions of the federal government. For example, the phrase lack of coordination has become so commonly used that many critics fail to realize that coordination is not an end in itself but a means to achieving efficient and appropriate service delivery. Measured against this standard, the modest across-program-coordination efforts we witnessed in several of the case states appear reasonable, but wholesale coordination if not attached to another goal such as school site planning would appear counterproductive. Administrative burden proved a similar non-issue at the state level. We speculate that at the local level a different outcome may result from the accumulation of federal and state reporting requirements that are not as openly subsidized by funds set aside for administration. The autonomous power of federal program managers in the states may be equally exaggerated. In general, federal program managers, while possessing beneficial funding ties to the federal government, found little political clout within their states in trading on these linkages.

Federal Strategies and Their State-Level Trade-offs

The foregoing conclusions relate to findings about the intergovernmental system. The results of this study also can be viewed in terms of the state-level impacts of federal program strategies. As noted in Chapter III, these strategies range from a reliance on few federal dollars and a bypass of state administrative structures to considerable federal funding and a dependence on SEA managerial actions. Looking at our findings through the lens of federal strategies, three conclusions emerge:

- Federal actions can achieve a basic level of uniformity across the states, but they do so at the price of federal-state conflict. Time and the infusion of sizable amounts of federal money appear to mitigate this conflict.

- Granting more decision-making discretion to the states results in wider program variations across the states. This strategy leads to little federal-state conflict because it subsidizes the support of state-selected initiatives. While a low level of conflict is desirable, wide variations may be undesirable if federal and state priorities do not converge.

- Federal actions that bypass state-level administrative structures do not engender state efforts to address federal program objectives except in those states where the political environment is receptive to such actions.

In the subsequent paragraphs we summarize the trade-offs we found associated with the federal strategies that had come to define each of the federal education programs included in this study. The costs and benefits noted relate to state impacts; since we did not investigate local instructional or administrative impacts, we are unable to address these issues. Conceivably, a federal strategy that bypasses state administrative structures could attain impressive local results. Hence, the reader should be aware that this discussion provides only a partial glimpse of the comparative impact of different federal strategies.

The lesson emerging from these descriptions of the state-level impacts of different federal strategies is that all approaches have trade-offs. Attaining uniform standards brings considerable conflict that can erode political support. Requiring states to match federal dollars may build state institutional and fiscal support, but it also may diminish the number of states able to participate. Policymakers have to assess these trade-offs in terms of the goals of the endeavor. A sense of the broad purposes is essential to determine if costs are worth the benefits.

The ESEA Title I Strategy: Federal Dollars and Oversight Coupled with State Management

ESEA Title I has relied on (1) full federal financial assistance to purchase instructional services for disadvantaged children above and beyond those the students would normally receive, (2) a large federal oversight role emphasizing compliance (primarily through fiscal audits and compliance reviews) and (3) an active administrative role for state education agencies that emphasizes application approval, monitoring and review. The early years of state and local administration of Title I were marked by conflict over the tension between what constituted general aid and supplementary activities. In the late 1970s the program was criticized for its inconsistent administrative interpretations of the non-supplant fiscal requirements. But by the spring of 1982, these conflicts were notably absent in the states we visited, and the program was viewed with general approval by state officials. Moreover, the Title I program relative to other programs we studied was characterized by a remarkable degree of core consistency in its administration. Apparently, time has aided the Title I program to reach its current plateau by allowing routinization, accommodation, and the intergovernmental bargaining necessary to clarify and adjust program signals.

Two potential costs were apparent from pursuit of the Title I strategy, however. First, the federal emphasis on isolating federal dollars from other state dollars in order to ensure they were supplemental contributed to the program's frequent administrative separation at the state level. While this separation signal has been muted somewhat by recent federal signals to facilitate the coordination of federal

and state compensatory education programs,[1] the Title I program remained separate in the majority of states we studied. Second and relatedly, Title I was the least institutionalized of the special needs programs we examined. Title I had the least constituency behind it at the state level and though popular as a federal program appeared too expensive for state legislators to absorb. We attribute this low level of institutionalization in large part to the full federal funding approach that emphasized sizable outside funding but built a minimal state base of funding and program authority.

ESEA Title IV and Title V: Federal Financial Assistance to Advance State Priorities

These two programs, relative to the others, embody considerable administrative discretion for SEAs both with respect to program uses and funds distribution. Like Title I, the strategy employs full federal assistance, but unlike Title I, federal oversight is less pronounced. Federal dollars are allocated to the states for the purposes of improving state managerial capacity and local instructional offerings. The SEAs play a major administrative role in operating the programs. Because states have latitude to pursue their own priorities in the way funds are used, program administration varies considerably across the states. The programs are highly popular with SEA officials and generate little conflict. However, federal leverage over state behavior is not high in these programs.

The P.L. 94-142 Strategy: Federal Service Mandates and Oversight Coupled with State Administration

The P.L. 94-142 strategy embodies three unique features: (1) in lieu of full federal funding, the program uses service mandates to ensure all handicapped children the right to a free, appropriate public education and establishes a cost-sharing strategy among federal, state and local agencies; (2) the program employs considerable federal administrative oversight (plan approvals and compliance reviews) that is heightened by the legal rights (free appropriate public education, due process protections) the law confers; and, (3) the federal government, in return for assistance, requires state adoption of federal policies and state administrative oversight of local compliance. The P.L. 94-142 strategy had visible effects across our study states. The federal program and state programs effectively functioned as one; the core program exhibited marked uniformity and administrative consistency across the states.

Special education was well institutionalized relative to other programs we studied, not primarily as a function of current federal strategy, but because of relatively strong state constituencies that lobbied the states to establish state programs for educating handicapped children. The existence of state programs that predate the

[1]Particularly relevant are provisions of the Education Amendments of 1978.

federal strategy explains one major negative impact of this approach: P.L. 94-142 is the source of considerable conflict between the states and the federal government. All of our states reported backlash against the federal protections for handicapped children -- backlash that could potentially threaten state fiscal support, laws and enforcement efforts. Several state officials however felt their own laws, if left without the federal laws, could not withstand current demands for rolling back protections. The P.L. 94-142 strategy of building on existing state procedures, but calling for those procedures to meet more rigorous nationally defined minimal standards, represents a course likely to be fraught with intergovernmental tension. Low levels of federal financial assistance have exacerbated this tension. Like Title I, however, time and the infusion of federal dollars could reduce this conflict.

The Vocational Education Strategy: Shifting Federal Signals in a State-Administered Program

The vocational education strategy relies on federal dollars overmatched significantly by state dollars to accomplish two objectives: the provision of vocational education services to meet national and state needs and (more recently) the expansion of vocational instruction to special needs students. The program, consistent with its shifting objectives, relies on state administrative discretion in the basic grant program and federal oversight and prescription of state managerial roles in the newer portions of the program (e.g., state planning and set-asides for special needs students).

Not surprisingly, the strategy has resulted in mixed impacts in the states. The set-aside programs across the states were consistently administered as separate SEA components, but states showed notable variation in their management of the basic program. The shifting federal signals characterizing the vocational education program, coupled with the considerable discretion extended the states by past signals, have brought the federal government conflict approximately equal to that generated by the P.L. 94-142 strategy. This conflict is likely to continue until time and/or federal-state bargaining and negotiating resolve the tension.

ESEA Title VII and the Civil Rights Strategies: Limited Federal Funds and Limited State Involvement

ESEA Title VII and the civil rights programs are considered together because they embody similar state strategies: a reliance on limited fiscal resources and a bypass of state administrative structures.[1] This strategy yielded similar state outcomes in both instances. The SEAs in our sample actively participated in these policy areas only when state factors (political climate and SEA priorities) spawned

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[1]Importantly, the programs discussed do not share similar strategies at the local level. See Chapter III for a description of these differences.

similar programs at the state level. As a result, these federal strategies rarely engendered administrative conflict between the states and the federal government except in those few states that monitored their own civil rights policies aggressively.

Implications for Proposals to Improve Federal Education Policy

The debate over the proper balance between federal accountability and state and local discretion has produced numerous prescriptions for improving federal policy. While this study was not designed to prescribe new directions or evaluate their consequences, the study's findings are relevant to a number of alternative policies recently advanced. In this section, we relate our findings to four broad prescriptions:

- o consolidation of major programs into block grants;
- o streamlining federal requirements;
- o reformulating the design of current programs, and
- o formalizing federal differential treatment of the states.

Each of these broad categories embraces a range of more precise proposals to alter federal education programs.[1] Because the alternatives are so numerous and vary significantly in their precise formulation, our discussion of policy implications focuses only on the general assumptions and directions associated with each broad category.

Our data do not prove or disprove the desirability of any particular approach to reform. Rather, we bring information collected in the course of this study to bear on various issues raised by each approach. Consequently, the following statements do not constitute a thorough examination of the reform approaches considered.

Consolidation of Major Programs into Block Grants

Distinguishing block grants from categorical grants is more difficult than it appears. One authority notes:

> Block grant recipients must usually comply with some administrative, planning, and fiscal reporting requirements, as well as with various nondiscrimination and environmental standards set by the federal government. On the other hand, many categorical grants allow recipients considerable discretion in program design and administration.[2]

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[1] Several proposals incorporate more than one approach. See for example Reisner, Elizabeth. Delivery of Educational Services to Federally Identified Target Groups: A Comparison and Analysis of Current Approaches, (Paper prepared for the School Finance Project), Washington, DC: U.S. Department of Education, October 1981.

[2] Hastings, Anne H. "The Block Grant Record: Lessons from Experience." Phi Delta Kappan, Vol. 63, No. 5, January 1982, p. 330.

The block grants currently discussed with respect to future education policy typically involve clustering existing categorical programs together (ESEA Title I and ESEA Title VII, for instance) and increasing the discretion available to state or local authorities. The definition of which state and local authorities (SEAs, state legislators, state boards or governors) would wield this newly delegated authority varies depending on the specific proposal under consideration.

The findings reported in this study indicate that increased state discretion will result in greater variation in the way programs are designed and implemented. In areas where federal objectives strive to promote more uniform treatment of special needs students, block grants are likely to prove counterproductive. The inclusion of new actors in federal program determinations will also constitute a significant departure from current program operations. In this study, the state policymakers outside SEAs did not evidence widespread knowledge about existing federal programs. Were they to become major decision-makers in the future, they would be starting from a considerably different point than most SEA officials.

Streamlining Federal Requirements

Proposals to streamline federal requirements run the gamut from deregulating federal programs[1] (and hence expanding state and local discretion) to clearing away unnecessary, ineffective or costly requirements.[2] Given this breadth, it is difficult to capture adequately the major thrust of the streamlining approach. Nevertheless, most proposals anticipate a reduced set of federal signals (albeit for different reasons) transmitted to state and local officials. As such, these proposals fall within the general set of options normally associated with the on-going bargaining and negotiation processes characteristic of the intergovernmental system.

The information collected in this study cannot address the issue of which federal requirements are unnecessary, ineffective or costly relative to the benefits they provide. But the study's findings do have implications for other considerations involved in streamlining federal programs.

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[1]Clune notes, "The deregulation thesis in education may be briefly stated as follows: it is possible to reduce the number and intensity of legal obligations on educational organizations without decreasing the quantity or quality of education in any respect." Clune, W.H., III. The Deregulation Critique of the Federal Role in Education, (Working Paper #322), Madison, Wisconsin: Wisconsin Center for Education Research, February 1982, p. 1.

[2]Levin suggests, "A reading of at least some of the regulations attached to federal categorical grant programs for disadvantaged, bilingual and handicapped students will suggest that the benefits in terms of contributions to equity are probably less than the costs of compliance and enforcement." Levin, Henry M. "Federal Grants and Educational Equity." Harvard Educational Review, Vol. 52, No. 4, November 1982, p. 455.

As we previously noted in considering the block grant approach, increasing the discretion of state officials (a component of deregulation) is likely to decrease the uniformity of federal education programs across the states.

Not all streamlining proposals would automatically increase discretion, however. State officials' initial responses to Chapters 1 and 2 of the Education Consolidation and Improvement Act are instructive. The officials we interviewed believed they had lost valuable flexibility in the Chapter 1 (former Title I) program; moreover, they distrusted the program latitude allowed in the new Chapter 2 program. These responses raise two considerations for policymakers considering streamlining proposals. First, immediate removal of requirements by the federal government constitutes only one signal among many. As we noted previously, state authorities wait to view the cumulative meaning of federal signals to see whether they count. Streamlined programs may not attain the desired discretion for several years. Second, streamlining federal requirements can remove details that decrease the vagueness and ambiguity of federal signals. While several state respondents railed against federal prescriptiveness in vocational education and P.L. 94-142, they were equally disturbed by fuzzy, ambiguous, and incomplete signals. State officials seek definition and clarity (and thus more detail) almost as much as they do the removal of federal requirements.

Reformulating the Design of Federal Education Programs

The prescriptions falling within this category of reform proposals range even more widely than do those included in the streamlining category. They include proposals to alter the mix of federal compliance and assistance techniques,[1] ideas to restructure the incentives contained in federal programs,[2] and notions to incorporate school-level plans as alternative accountability mechanisms.[3] While proposals vary, they share a common trait: the formulation of more effective policy instruments to achieve existing goals and objectives. The reformulation approach is at heart a tinkering approach to federal education programs. Like streamlining, tinkering is a common technique in the federal-state bargaining and negotiation process.

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[1]Elmore, Richard F. & McLaughlin, Milbrey W. Rethinking the Federal Role in Education, (Paper prepared for the School Finance Project), Washington, DC: U.S. Department of Education, September 1981.

[2]See Hargrove, Erwin C. Strategies for Implementation of Federal Educational Policies: Compliance vs. Incentives, (Paper prepared for the School Finance Project), Nashville, TN: Institute for Public Policy Studies, Vanderbilt University, August 1981.

[3]See Turnbull, Brenda J., Smith, Marshall S. & Ginsburg, Alan L. "Issues for a New Administration: The Federal Role in Education." American Journal of Education, Vol. 89, August 1981, pp. 396-427.

This study cannot identify which incentives are more effective or which mix of compliance and assistance would generate desired improvements in services for special student populations. We did observe, however, that federal enforcement mechanisms (fiscal audits in Title I and compliance reviews in P.L. 94-142) were quite influential in shaping state administrative behavior. Importantly, these mechanisms did not operate alone; they were coupled with the long evolutionary program history of Title I. In P.L. 94-142 they were linked to mandates. These observations underscore the importance of assessing the mix of signals attached to program goals. Individual signal alterations are likely to become meaningless or confusing.

For the intergovernmental system to function, one must expect tinkering and realignment of signals to take place. Policymakers should be aware, however, that a shift in signals usually produces intergovernmental conflict because operating assumptions and routines must be altered. Relatedly, state response will not be automatic. Reformulations of federal strategies, once decided upon, will take time to show their impact.

Differential Treatment of States

In many respects differential treatment could be categorized as a proposal to reformulate existing federal education policy designs. But because of the attention it has received, we treat it as a distinct proposal category. Differential treatment has emerged since the 1960s as a means of tailoring federal policies to the different political, fiscal, economic, and cultural realities in which the states must implement federal education policies. Because federal policies are designed largely to catch the bad apples, all states are reduced to a lowest common denominator. Hence, federal policy fails to bring out the best in states. The ideas put forth to date as a means of achieving differential treatment include alternative customized monitoring and compliance strategies, financial incentives in the form of bonuses, waivers, bypass arrangements for unresponsive state governments, and relaxation of federal requirements for states exceeding mandated minimum standards of performance (or the obverse, adding federal requirements for states which fail to meet such standards).

As observers have noted, federal education policies already incorporate some differential treatment mechanisms (e.g., Title I's incentive grants, P.L. 94-142's non-supplant waiver, bypass arrangements for states prohibiting aid to private schools, and funds allocation criteria which attempt to adjust for relative need).[2] Additionally, although government

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[1]Murphy, Jerome T. Differential Treatment of the States: A Good Idea or Wishful Thinking? (Paper prepared for the School Finance Project), Cambridge, MA: Institute for Educational Policy Studies, Harvard Graduate School of Education, August 1981.

[2]Ibid.

officials will disavow differential treatment publicly, federal political appointees and program managers informally inject levels of differential treatment into their day-to-day functions.[1]

The major debate regarding future differential treatment designs concerns more their feasibility than their desirability. Differential treatment proposals that base their operation on some determination of how faithfully or well states are meeting national goals and objectives typically run afoul of three interrelated issues: (1) gaining political consensus to enact the proposal; (2) arriving at clear and objective criteria for judging state performance; and (3) implementing policies bureaucratically. As a result differential treatment proposals trigger a set of challenging questions. For example, how does one know a state has achieved minimum standards? What are those standards? Who will judge state performance? In spite of these challenges, some analysts have offered differential treatment schemes designed to tailor federal interventions to the unique capacities and political conditions in the states.[2]

This study cannot resolve the questions surrounding differential treatment proposals, but it does add perspective to some dimensions of the debate. First, we did uncover instances of informal differential treatment in the administration of the federal education programs we studied. California officials sensed that they were audited for compliance more frequently because of their high visibility and their parallel state programs. We found that federal auditors investigating ESEA Title I visited some states significantly more than others. Consequently, federal policymakers already adjust their techniques to differences among the states.

Our inquiries into state programs for special populations also raised considerations about the extent to which federal policy could formalize these informal administrative actions. Defining programs at the state level is not easy. State programs like their federal counterparts are a melange of legal provisions, goal statements, and administrative renderings. As a result, some legal provisions are never translated

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[1]Murphy notes, "Ancedotal evidence suggests...that a fair amount of differentiation takes place informally." Ibid., p. 13.

[2]Elmore proposes a differential state assumption strategy that requires all states to meet uniform guarantees. Beyond this minimum, states which assume responsibility for federal requirements would develop their own policies and procedures in specified areas to ensure adequate services. Other states would follow federally mandated program requirements. See Elmore, Richard F. Differential Treatment of States in Federal Education Policy, (Paper prepared for the School Finance Project), Seattle, WA: University of Washington, January 1982.

into action. Local control traditions limit states from mounting administrative efforts to monitor and oversee district compliance with state rules and requirements. These observations suggest that proposals to assess states' performance face serious technical difficulties in defining and assessing minimal state performance.

Likewise, the political feasibility of differential treatment entails casting a wide enough net through the proposed policy to interest sufficient numbers of Congressmen to vote for it. A critical mass of states must believe they would benefit from the new policy. We found that the priorities of the greater number of states in our sample currently did not converge with federal priorities. While a changed federal strategy would almost certainly present the states with different cost/benefit trade-offs, the few voluntarily adopted state programs we observed with strong similarities to related federal programs cast doubt on the political feasibility of most proposals for differential treatment unless minimal federal requirements in these programs are reduced considerably.

Future Federal Policy in Context

Determining the future course of federal policy requires policymakers to wrestle with issues for which answers are not readily available. We have posed some of these issues in this report. Should federal signals be reformulated to strike a better balance between federal goals and state discretion? Should stringent requirements be relaxed? Or should policy hold steadfast and capitalize on the ameliorating aspects of time and consistent federal signals?

We have endeavored to shed light on a set of background questions that pertain to the resolution of these issues -- questions about administrative problems experienced by the states, the nature of the state political environment surrounding national equity objectives, the substantive policies produced by states as administrative agents of federal programs, and the capacity of states and their SEAs to take on federal responsibilities. Hopefully this information will provide a better basis on which to judge the merits of alternative prescriptions.

In deliberating future policy configurations, federal policymakers also will have to grapple with a changed context. SEAs today are considerably different entities than they were 15 years ago. The removal of federal funds, while likely to set SEAs back somewhat, is not likely to erase completely the organizational patterns which currently characterize SEAs. Similarly, the states have changed markedly in the way they conduct education policy. Most states are accustomed to a federal presence and have come to accept in varying degrees the equity agenda which has dominated federal aid to education. While we found state officials expressing mixed opinions about the desirability of a reformulated federal-state balance, we found few state respondents who could conceive of the federal government not playing a role in education policy.

Inevitably, policymakers will have to address the issue of federal purposes. The conclusions of this study center primarily on federal administrative approaches, or more specifically, trade-offs between federal accountability and state discretion. Yet discussions of federal administrative approaches are meaningless when they are conducted apart from a consideration of federal education purposes. An assessment of the appropriate balance between federal and state authorities ultimately must rely on a determination of the goals of federal involvement measured against the costs and benefits of tools available for achieving those goals.

APPENDIX: CATEGORIZATION SCHEME FOR TEXTUAL LEGAL ANALYSIS

Introduction

This appendix describes the categorization scheme used for the textual analysis of laws included in the study.[1] An initial analysis resulted in nine categories of legal provisions. Rather than following the typical organization of a law (e.g., policy and purposes statement, authorizations, appropriations, state plan requirements, etc.), these categories are derived from analyzing the functions that various legal provisions perform. The next section of this appendix introduces the nine categories and lists the kinds of provisions included within each, including definitions. The final section presents the results of analyzing the statute and regulations for each law and categorizing provisions according to this framework.

Categories of the Legal Analysis

Table A-1 lists the nine categories used in the textual legal analysis. Under each category (typed in capital letters) are the kinds of provisions included in each along with a definition of each provision. Following are definitions for each of the categories.

Qualifying Conditions

The term qualifying conditions is used to reflect the purpose of this set of instruments: how does the potential recipient of assistance qualify to receive it, or under what circumstances do the other instruments become applicable (generally, in the case of the cross-cutting laws)? Formula grant programs usually require what we refer to as a "plan-application," which sets forth how the recipient will commence or continue the implementation of a program of indefinite duration. A "project application," on the other hand, describes the recipient's intended approach to implementing a project for a specified amount of funding over some finite term. "Recipient authority" is a requirement that the state or local agency shows that it has the necessary authority (generally by designation of the governor or legislature) to undertake the required activities. Fiscal requirements may be either proof of the establishment of adequate accounting systems, or indication that some minimum level of funds must be generated (through the statutory formula) before an assisted program can be undertaken. With the civil rights statutes, the existence of federal financial assistance is the condition for an agency "qualifying" to be subject to that set of requirements. The requirement of "devoted staff" refers to laws that specifically require a person or unit of an agency to be responsible for its management or implementation, e.g., the Title IX coordinators. "Responsible entity" means that the law requires one of several potentially eligible state or local agencies to be selected as the responsible agency for the law's implementation. "Advisory bodies" may be required to be established as a qualifying condition.

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[1]The task leader for the legal analysis, Hal Winslow, wishes to acknowledge the contributions made to this phase of the legal analysis by Mr. Perrin Quarles, Perrin Quarles Associates, and Mr. James Wierman, The Research Group, Inc.

Table A-1

Definitions of Legal Provisions by Category

QUALIFYING CONDITIONS	DEFINITION
Plan Application	Document setting forth how the recipient will accomplish the purposes of an ongoing, formula-type program.
Project Application	Document describing how the potential recipient will handle a discrete sum of money to accomplish a particular project.
Fiscal Requirements	Minimum dollar amounts that must be generated to qualify the recipient for funding; for civil rights laws, the existence of federal funding to "qualify" as subject to the rules.
Devoted Staffing Requirements	Where recipient must specify a staff member of a special unit in the agency to handle program responsibilities.
Responsibile Entity Requirements	The recipient must show that it is the entity with sufficient legal responsibility to undertake program obligations or has acquired necessary authority.
Advisory Bodies	Cases where advisory bodies are to be created and involved as a condition prior to receiving funds.
Number of Beneficiaries	Where a minimum number of beneficiaries must be identified to qualify the recipient for funding.
Assurances	Explicit affirmation by the recipient that it will comply with general or specific provisions of the law.
FUNDS ALLOCATION	
Distribution Formula	A formula used to distribute program funds among eligible recipient agencies.
Criteria for Project Approval	For project-type grants, the criteria used to make funding decisions among applicants.
Numerical Set-Asides	Requirement that specified portions of a recipient's allocation be "set aside" for use on a particular subset of activities.

Table A-1 continued

Caps/Maximum Entitlements	A limit on the amount of funds that can be generated by a formula or awarded through a project competition.
Fixed Project Duration	A limit on the duration of the project funded, as opposed to ongoing formula-type programs.
Phase-Out Provisions	Requirements that recipient make explicit plans to take over programs when federal funding is terminated.
FUNDS TARGETING	
Agency Characteristics	Characteristics of the recipient agency as basis for targeting money to the agency.
Agency Size/Total Population	Overall size or student population of agency as funding criterion.
Size of Target Population	Numbers of children within identified beneficiary group as funding criterion.
Characteristics of Target Population	Funds directed to agencies based on the characteristics of students of relevance to the program purposes.
Project Characteristics	Funds to agencies dependent on showing that particular kinds of projects or attributes of projects will be employed.
PROGRAM OVERSIGHT	
Application Approval Authority	The authority to review and approve or disapprove applications for funding submitted by other agencies.
Application Review Opportunity	Agency's right to review another agency's application made directly to federal government, but without approval/disapproval power.
Discretionary Funding Authority	Authority to make decisions about which eligible agencies will be funded and at what amounts. May be accompanied by general criteria for decision-making.
Monitoring of Operations	Requirement that oversight agency investigate program operations to ascertain compliance or quality of the activities.

Table A-1 continued

Fiscal Audits	Responsibility to review financial records to determine fiscal integrity of projects.
Recordkeeping Requirements	Provisions requiring that information be collected and/or maintained regarding the program.
Reporting Requirements	Provisions obligating the recipient to transmit specified information to the oversight agency regarding the program.
Enforcement Authority	The authority to take actions to remedy instances of noncompliance, or to require the doing of specified things.
Evaluation Requirements	More or less systematic assessments of the progress of programs relative to their purposes.
Advisory Body Review	The existence of advisory bodies composed of stakeholders with the mandate to examine and review programs.
Technical Assistance	Explicit authority and obligation to provide various sorts of instruction and help to agency personnel implementing the program.
PROGRAM DESIGN	
Size Standards	Provisions specifying criteria regarding the size (number of participants, amounts of funds) that must be involved in a project.
Required Characteristics	Necessary elements of a funded project.
Personnel Standards	Specifications of the type or qualifications of persons to be involved in program operations.
Group Needs Assessment	Requirement that the needs of a defined target group be identified and assessed as part of the decision-making regarding services to be provided.
Individual Needs Assessment	Requirement that the needs of each individual member of the defined target group be identified and related to services to be provided.
Specified Planning Process	Beyond the requirement of planning, provisions specifying how the planning is to occur, what steps must be taken to accomplish the planning function.

Table A-1 continued

Required Stakeholder Involvement: Administrators Teachers/Other Staff Parents Students Non-public school stakeholders	Provisions that specify particular persons or groups with some stake in the outcome or operations of the project who must be involved or consulted in the process of designing the project. Non-public school stakeholders include private school officials and industry representatives.
Advisory Board	A collection of individuals with some interest or expertise in the program purposes who form an advisory body, rather than being consulted individually.
PROGRAM OPERATIONS	
Authorized Activities	Provisions which specify activities that are authorized for financial support or to attain compliance with program rules.
Expressly Prohibited Activities	Explicit lists of activities that may not be part of the program, or that absolutely represent non-compliance. Not included are inferred prohibitions, such as the opposite of required activities.
Required Activities	Activities that must be undertaken to achieve proper program functions or compliance with program rules.
Service Type	Requirements pertaining to the type or nature of services to be rendered without specifying the activities to be undertaken to constitute the service type.
Service Level	Requirements pertaining to the quantity of services that must be delivered to a program beneficiary, or group of beneficiaries.
Student Selection Criteria	Rules regarding the student characteristics or manner of selecting students for inclusion in the services to be rendered.
Stakeholder Involvement	Requirements that persons with some interest in the program's purposes and outcomes be involved in day-to-day operational decision-making.
Advisory Bodies	Provisions requiring that advisory bodies be involved in program operation decisions, usually in addition to program design and oversight roles.

Table A-1 continued

Evaluations	Explicit requirements that the conduct and results of program evaluations are to be used in making program operation decisions.
Complaint Resolution	Requirements for the establishment of procedures and forums for resolving disputes regarding program operations.
Decision Review Process	Systems required for a standing process to routinely, or upon a specified occurrence, review decisions made regarding program operations.
FISCAL CONDITIONS	
Maintenance of Effort	Requirements that non-federal support to an agency, program or individuals be held at a specified level.
Matching	Requirement that a specified proportion of non-federal funds be applied with the federal funds to the program budget.
Comparability	Requirement that non-federal support to projects or beneficiaries be provided at equivalent levels to similar non-federally funded activities or persons.
Equalization	Provisions which in some manner compensate for the inability of an agency to achieve a high yield from some appropriate tax rate.
No Supplanting	Prohibition on the use of federal funds to pay for services or material that would have been or should be paid for with non-federal monies.
Equitable Provision	Requirements designed to ensure that in the provision of non-federal resources, recipients of federal money will be treated in an equitable manner with non-recipients.
Excess Costs	Provisions limiting the use of federal monies to the costs of programs or services which exceed normal costs of serving the target group.
No Commingling	Explicit prohibitions against mixing of accounts of different funding sources or budget categories.
Coordination	Requirements to identify and effect complementary uses of separate programs and funding sources.

Table A-1 continued

SANCTIONS	
Funds Withholding	Power to stop the flow of funds to the recipients pending the correction of some instance of noncompliance.
Repayment of Expended Funds	Power to order recipients to repay funds determined to have been misspent vis-a-vis program rules.
Ineligibility for Other Programs	Authority to suspend recipient's eligibility for programs other than the one in which the condition of noncompliance has been identified.
Compliance Plan	Authority to impose a specified set of activities to achieve compliance, the performance of which will suspend the use of other sanctions.
Litigation	Specified authority and procedures to initiate judicial action against the noncompliant recipient.
EXCLUSIONS/WAIVERS	
Exclusions or Waivers	Provisions which exclude recipients from the operation of certain rules or otherwise waive the operation of those rules under certain circumstances.
By-Pass Provisions	Provisions which transfer the responsibility for accomplishing specified program purposes from the recipient to some other agency, usually accompanied by proportionate loss of funding.

Some laws require that there be a minimum "number of beneficiaries" before an agency can participate (10 eligible children in the case of Title I). Finally, most laws require written assurances of compliance with the law in general, or specific aspects of it.

Funds Allocation

These provisions pertain to the manner by which funds are distributed from the federal level to the prime recipient (the SEA for state-administered programs, the LEA for federal-local grants). This is accomplished by a "distribution formula" or criteria for project approval (in the case of project grants like Title VII). For special purposes, the law may also establish "numerical set-asides," which direct that some percentage of the monies be spent on designated activities (e.g., the 20% disadvantaged set-aside for vocational education funds.) "Caps/Maximum entitlements" may be established and are distinct from the number achieved by applying a formula. For example, P.L. 94-142 provides funds based on the number of handicapped children in the state, but limits the number that will be funded to 12% of the total population. Finally, the allocation of funds is also affected by limiting activities to some "fixed project duration" or by providing for the "phasing-out" of federal monies for the activity being assisted.

Funds Targeting

Targeting of funds pertains to the manner in which assistance monies are distributed among the service providers. Funds can be targeted based on "agency characteristics" (e.g., institutions for neglected or delinquent children), the overall size or total population of the agency, size of the target population (e.g., number of handicapped children), the characteristics of the target population (e.g., "educationally disadvantaged") or on project characteristics (e.g., an innovative project).

Program Oversight

Program oversight includes the various ways the federal government provides for administrative supervision of the implementation of the various laws. These functions are discrete from the on-site administration of service delivery and thus exist, primarily, as SEA functions. The allocation of funds within a state may occur on the basis of the SEA's approval of an application, or with consideration given to the opportunity for the SEA to review the application without the power to veto it (e.g., ESEA Title VII). The law may grant the SEA the discretion to fund or not fund a given activity under the statute (e.g., ESEA Title IV-C). Monitoring of local operations for compliance with the applicable rules may be required of the SEA, in addition to audits of their fiscal integrity. Recordkeeping and reporting may be a requirement for SEAs to implement. In addition, the law may directly require LEAs to keep records and make reports on program operations. The law can grant enforcement authority to the SEA, and mandate the conduct of periodic evaluations of the effectiveness of the programs' operations. Advisory bodies may be required at either the state or local levels to perform oversight functions. Finally, the statute may explicitly require the SEA to perform technical assistance functions.

Program Design

This set of instruments is intended to influence the manner in which assisted programs are organized and designed at the service delivery level (generally, the LEAs). These instruments may specify elements of design -- the size or the characteristics of the program, personnel who must be included -- or they may set forth procedural-type requirements governing the design of programs. The latter type include assessments of student needs on a group or individual basis, specification of all or portions of the planning process, or a list of stakeholders who must be involved in the design: administrators, teachers, parents, students, and non-school stakeholders (such as representatives of non-public schools). Finally, requirements may establish advisory bodies to be involved in the design of programs (e.g., the parent advisory councils under Title I).

Program Operations

Although the federal government has not endeavored to become intimately involved in day-to-day program operations, several instruments exist to influence those operations. Program operations are most directly affected by the specification of activities which are either authorized, expressly prohibited, or required. The law may specify a certain type or level of service to be required. Beyond these tools, program operations are controlled by specifying who has a voice in program decision-making, either through specification of some process for decision-making, the specification of stakeholders to be involved in decisions, the existence of advisory bodies, or the incorporation of results of prior evaluations in decisions regarding operations. Laws may also provide for disputes regarding operations by requiring the establishment of a complaint resolution function, or an established forum for reviewing program decisions (e.g., the procedural safeguards of P.L. 94-142).

Fiscal Conditions

These instruments involve constraints on the use of federal funds, the relationship of federal to non-federal funds, and the management of funds. Fiscal conditions are the most well-known of the "strings" on federal financial assistance. Maintenance of effort specifies the overall level of state and local support that must be maintained during the course of the federal assistance. Matching requirements require a state or local contribution to the assisted program. Comparability requires that assisted activities or institutions be supported at equivalent levels to non-assisted ones. No-supplanting prohibits the replacement of state or local funds with federal monies. Equitable provision relates to comparability but governs how non-federal funds are to be distributed to achieve equivalency. Excess costs rules restrict the use of federal monies to costs of the assisted activity over and above normal operating or educational costs. No commingling requires the use of separate accounts for federal program monies. Coordination rules require efforts to make use of various sources of assistance complementary and compatible.

Exclusions/Waivers

A final set of instruments involve ways that the recipients can be relieved of a particular requirement. Two main types of exclusions or waivers have been employed. The first is a waiver from the maintenance of effort requirements, and aspects of the no-supplanting requirements if other conditions are met. The second is a waiver from the requirements of serving children in non-public schools where state or local law prohibits the agency from doing so. Gaining such waivers in either case triggers additional instruments (e.g., reduction in funds granted, or "by-pass" provisions) to compensate for the noncompliance.

Matrix of Legal Provisions

Using the categories just described, we analyzed each law included in the study in order to categorize its provisions according to this framework. Table A-2 summarizes the results of that categorization process in the form of a matrix. Each entry in the matrix is marked with one of three symbols -- "S," "L," or "S/L" -- depending on whether the particular legal provision creates a requirement pertaining to the state level, the local level, or both, respectively. Except for those programs where the state agency is itself the primary service provider, the "S" symbol refers to the role of the state agency as overseer or statewide administrator of the statutory initiative. The symbol "L" refers to a requirement pertaining to the service delivery function. Use of the combined symbol, "S/L," involves requirements directly applicable to both the service provider and oversight roles of the respective levels of government. The combined symbol is not used for a requirement that directly pertains to the local level but is the subject (implicitly or by explicit reference) of general state-level oversight activities. The oversight function is a separate category.

Table A-2

Table 2: Federal Education Laws by Types of Policy Instruments

Statutory Authority	QUALIFYING CONDITIONS								FUNDS ALLOCATION						FUNDS TARGETING				
	Plan Application	Project Application	Fiscal Requirements	Devoted Staff Reqs.	Responsible Entity Reqs.	Advisory Bodies	Number of Beneficiaries	Assurances	Distribution Formula	Criteria for Project Approval	Numerical Set-Asides	Caps /Maximum Entitlements	Fixed Project Duration	Phase-Out Provision	Agency Characteristics	Agency Size/ Total Pop's.	Size of Target Pop's	Characteristics of Target Pop's	Project Characteristics
ASSISTANCE PROGRAMS																			
Title I Basic	S/L		L			L	L	S	S/L								S/L	L	L
TI Neglected & Del.	S		S					S	S		S				S		S	S	
TI Handicapped	S		S		S			S	S						S		S	S	
TI Migrant	S		S			S		S	S		S	S			S		S	S	S
P.L. 94-142	S/L		L		S	S		S	S/L			S					L	L	
Voc. Ed. Act-Basic	S/L			S	S	S/L		S	S		S				L		L	L	L
VEA Disadv & Handic																			
ESEA Title VII		L				L		L		L			L	L	L		L	L	L
ESEA Title IV-B	S	L		S	S	S		S	S		S	S			L	L			
ESEA Title IV-C	S	L		S	S	S		S	S		S	S	L	L					L
ESEA Title IV-D	S	L		S	S	S		S	S		S								
ESEA Title V	S	S/L			S	S		S/L	S	S					S				
CROSS CUTTING																			
Title VI-Basic			S/L					S/L											
Title VI-Lau							L												
Title VI-VE G'lines									S	S									
Title IX-Sex Discr.			S/L	S/L				S/L											
Sec. 504-Handic Discr.			S/L	S/L				S/L											

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Table 2: Cont'd

Statutory Authority	PROGRAM OVERSIGHT: Application Approval	Application Review	Discretionary Funding Authority	Monitoring of Operations	Fiscal Audits	Recordkeeping	Reporting	Enforcement	Evaluation	Advisory Body Review	Technical Assistance	PROGRAM DESIGN: Size Standards	Required Characteristics	Personnel Standards	Group Needs Assessment	Individual Needs Assessment	Planning Process	Administrators	Teachers/ Other Staff	Parents	Students	Non-pub. school stakeholders	Advisory Bodies
ASSISTANCE PROGRAMS																							
Title I Basic	S			S	S	S/L	S/L	S	S/L	L	S	L	L		L			L	L	L		L	L
TI Neglected & Del.	S		S	S	S	S	S	S	S			S	S		S			S	S	S			
TI Handicapped	S		S	S	S	S	S	S	S		S		S		S	S	S	S	S	S			
TI Migrant	S		S	S	S	S	S	S	S	S		S	S		S			S	S	S			S
P.L. 94-142	S			S		S	S	S	S	S	S		L	S/L		L		S/L	S/L	S/L	S/L	S/L	S
Voc. Ed. Act-Basic	S		S	S		S	S		S	S/L	S		L		L		S	S	S	S		S	S/L
VEA Disadv & Handic																							
ESEA Title VII		S							L	L		L	L		L		L		L	L	L	L	L
ESEA Title IV-B	S		S	S	S	S	S	S	S	S	S		L		L			S	S	S	S	S/L	S
ESEA Title IV-C	S		S	S	S	S	S	S	S	S	S		L					S	S	S	S	S/L	S
ESEA Title IV-D	S		S	S	S	S	S	S	S	S	S		L					S	S	S	S		S
ESEA Title V	S			S	S	S	S	S	S	S	S		S						S	S	S	S	S
CROSS CUTTING																							
Title VI-Basic				S		S/L	S/L																
Title VI-Lau												L	L	L		L	L			L			
Title VI-VE G'lines				S		S/L	S/L				S												
Title IX-Sex Discr.				S/L		S/L	S/L							S/L			S/L						
Sec. 504-Handic Discr.				S/L		S/L	S/L							S/L		L	S/L						

Table 2: Cont'd

Statutory Authority	PROGRAM OPERATIONS: Authorized Activities	Expressly Prohibited Activities	Required Activities	Service Type	Service Level	Student Selection Criteria	Stakeholder Involvement	Advisory Bodies	Evaluation	Complaint Resolution	Decision Review Process	FISCAL CONDITIONS: Maintenance of Effort	Matching	Comparability	Equalization	No-Supplanting	Equitable Provision	Excess Costs	No Commingling	Coordination
ASSISTANCE PROGRAMS																				
Title I Basic	L				L	L		L	S	S/L		L	S	L		L	L	L	L	L
TI Neglected & Del.	S	S							S	S		S				S		S	S	S
TI Handicapped	S	S	S		S	S			S	S		S				S		S	S	S
TI Migrant	S	S	S			S	S	S	S	S		S		L		S	S	S	S	S
P.L. 94-142		L	L	L	L	L	L	S	S	S/L	S/L		S	L		L		L	L	S
Voc. Ed. Act-Basic	L	L	L	L				L	S	S		S/L	S/L		S	S/L				S/L
VEA Disadv & Handic													S					S		S/L
ESEA Title VII	L			L			L	L	L							L				
ESEA Title IV-B	L			L						S		S			L				S/L	S
ESEA Title IV-C	L	L		L						S		S							S/L	S
ESEA Title IV-D	L			L						S		S							S/L	S
ESEA Title V	S						S	S	S	S		S				S			S	S
CROSS CUTTING																				
Title VI-Basic	S/L	S/L	S/L																	
Title VI-Lau	L	L	L	L	L	L			L											
Title VI-VE G'lines		S/L																		
Title IX-Sex Discr.	S/L	S/L	S/L							S/L										
Sec. 504-Handic Discr.	S/L	S/L	S/L							S/L	L									

Table 2: concluded

Statutory Authority	SANCTIONS					EXCLUSIONS/WAIVERS	
	Funds Withholding	Repayment of Expended Funds	Ineligibility for other programs	Compliance Plan	Litigation	Exclusions/Waivers	By-Pass Provisions
ASSISTANCE PROGRAMS							
Title I Basic	S/L	S/L		S/L		S/L	S/L
TI Neglected & Del.	S	S		S		S	
TI Handicapped	S	S		S		S	
TI Migrant	S	S		S		S	S
P.L. 94-142	S/L	S/L	S/L			S	
Voc. Ed. Act-Basic	S/L					S/L	
VEA Disadv & Handic						S/L	
ESEA Title VII							
ESEA Title IV-B						S/L	S/L
ESEA Title IV-C						S/L	S/L
ESEA Title IV-D						S/L	S/L
ESEA Title V	S/L	S/L				S/L	
CROSS CUTTING							
Title VI-Basic	L			L	L		
Title VI-Lau							
Title VI-VE G'lines				S/L			
Title IX-Sex Discr.	L			L	L	L	
Sec. 504-Handic Discr.	L			L	L	L	

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